

The NATIONAL UNDERWRITER

Who Is the Ideal Agent?

This definition won the first prize of \$100 offered by the U. S. F. & G. to members of the California Association of Insurance Agents. A. E. Shepherd, of San Jose, was the winner.

"The ideal insurance agent recognizes and fulfills five major obligations; to his customer, his company, his community, his industry and his family. He knows his business and, by using that knowledge carefully, he serves his customer well. He respects and protects his company, thus justifying the confidence placed in him. He participates temperately in civic activities and thereby becomes a worth while citizen. He upholds ethical practices and supports his trade associations, in this way contributing to the character and excellence of the insurance industry."

THE U. S. F. & G. and its affiliate, the F. & G. Fire Corporation, subscribe to the tenet that insurance is a profession, that the agent is a professional man, and that his knowledge and experience fully justify his returns. To that end these companies formulated and broadcast the slogan:

*"Consult your insurance agent or broker
as you would your doctor or lawyer."*

U. S. F. & G.

UNITED STATES FIDELITY & GUARANTY COMPANY

with which is affiliated

F. & G. FIRE

FIDELITY & GUARANTY FIRE CORPORATION

Home Offices: BALTIMORE



NORWICH UNION

We extend to you the Season's
most Hearty Greetings and
may the New Year bring
to you a full measure
of Good Health
and Prosperity

NORWICH UNION FIRE INSURANCE SOCIETY, LTD.

75 Maiden Lane, New York

Hart Darlington, Manager

Eagle Fire Company of NEW YORK

Incorporated 1806

75 Maiden Lane, New York

Hart Darlington, President

The Oldest New York Insurance Company

NORWICH UNION INDEMNITY COMPANY

75 Maiden Lane, New York

Hart Darlington, President

In NORWICH UNION there is strength

COMPANIES

The National Underwriter

WEEKLY NEWSPAPER OF INSURANCE

Thirty-Ninth Year—No. 52

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, DECEMBER 26, 1935

\$4.00 Per Year, 20 Cents a Copy

Looking Backward Over the Trail

Review of Conditions Seen in the
Fire Field in
1935

FAVORABLE LOSS RATIO

Some of the Salient Features in the
Business During the Year
Closing

By GEORGE A. WATSON

NEW YORK, Dec. 24.—Easily the outstanding feature of the fire business this year—assuming a conflagration does not take place between the time of this writing and Dec. 31—has been the relatively low loss record of the country. Paradoxical as it may seem this has proven at once a source of great satisfaction and of no little anxiety to company officials. While appreciative of the fact that a reduction in the aggregate number of claims since the beginning of 1935 has enabled companies, almost without exception, to bulwark their asset and net surplus accounts against the days of adversity in the business, that will come as surely as night follows day, executives continue apprehensive as to the effect the favorable annual statements that will be shown, may have upon state officials and upon some assured.

Analyzing the Loss Data

Anticipating that the favorable loss record would create a demand for rate reductions, rating bodies in all sections have been carefully analyzing loss data and have ordered rate reductions on many classes and in various territories. By virtue of these reductions, which in the aggregate have reached a very substantial figure, it is questionable whether the premium income of the companies generally will show any gain over that for 1934. Here and there a particular office, by virtue of special conditions, may show a gain; but, by and large, the established offices will count themselves fortunate if, when final returns are in, they have kept premiums even with those of the preceding 12 months.

Increase in Market Values

Profits, while due in the main to the low loss record, were contributed not a little by appreciation in the market value of securities. The gains in both stocks and bonds of the type invested in by the average office are estimated at about 10 percent. Some of the companies with unusually competent financial advisers will, of course, show still better results, but the average gain will be not far from the percentage figure named.

An accompaniment of the favorable loss record has been a widespread demand on the part of the agency fraternity in ordinary territory for contingent commissions. The subject is by no

(CONTINUED ON PAGE 21)

Reserving Today's Profits

Protection Is Needed Against
Amount Shown As Surplus

By SCOTT HARRIS
Joseph Froggatt & Co.

It has been our contention for years back that the increase in the market value of fire insurance companies' security portfolios over cost should not be allowed to go in their entirety into the surplus account. A much more desirable result will hold over a long period if for every dollar of such increase in portfolio values a dollar is set aside in a separate "reserve for fluctuations in security values."

It is a fairly safe prophecy to make that fire companies' assets are going to be, generally speaking, most conservatively valued at the coming December 31st and that conversely reserves are going to be entirely adequate. In many cases there will be builded a wall around surplus so as to protect it from inroads resulting from a reversal of loss experience. It is too much, far too much, to think or hope that the fire losses can continue indefinitely at the 1935 level or the 1934-1935 level or the 1933-1935 level. There have been many statements to the effect that the depression is over, or at least very nearly over. Statistics can be developed to prove that in years gone by fire losses have been heavy during the early days of depressed periods and again heavy during the early reconstruction days following a depressed period. The conclusion some draw is that history must repeat itself and that it must therefore undoubtedly follow that losses will soon begin to come in more frequently and in more serious amounts.

Danger Comes With the Reappearance of Equities

Those leaning toward this thought go further and point out the cases of individuals who a few years back, because of tobogganing values had absolutely no equity in their properties. Now, however, with things generally looking better, those individuals do have some equities in their properties. As indications of rising values continue the thought may come to one that cashing in on the equity and investing the proceeds into something rising more rapidly in markets, would be an excellent move. The results of this—moral hazard—and more and larger fire losses. Naturally actual instances of that sort would depend upon the nature of the form of the equity. If further inflation of values is immediately ahead, instead of sound enhancement, it hardly seems possible there would be present any moral hazard as to a large stock of merchandise which was in the nature of a necessity. However, that is just one school of thought.

There is another avenue into the future which makes it seem folly to count upon the continuance of anything like the most exceptional fire loss record of the past few years. This is the natural fear that one or many state legislatures may begin to bring into operation the old but tried political cry of "excessive rates." It has happened in the past with varying degrees of success. Many times certain lines of insurance have reached the point where results appeared on the profit side of the ledger only to have legislative rate making



SCOTT HARRIS

push the results to the opposite side of the ledger. Legislative or political rate-making, and the terms are synonymous, is very seldom practical. The main reason is that such a program invariably ignores the trends of results and deals only with what has actually happened and has been proven in black and white. If the results to fire insurance companies were to be cut into by reduction of rates by legislative force it would be the same old story; the profits if any resulting from relatively few and meagre losses would already have ceased to materialize—other factors would have made themselves felt and loss ratios would have already increased—and on top of this a reduction of rates and, of course, a reduction of income through rate changes. In other words, the old story of rate changes not being concurrent with actual results.

Safety Valve Is Needed Regardless of Taxes

Any one or all of these possibilities, some of which are almost probabilities call loudly for a protection against the amount which is shown on a fire company's balance sheet as surplus. The profits that have resulted in the last few years from underwriting have now within recent months been further augmented by a very decided increment in the value of security portfolios. If results from underwriting continue, even for a short period of time, to be profitable there is no reason why a certain percentage or a certain flat amount of such profits should not be diverted from surplus. Such a percentage or flat amount should go first into the strengthening of the regularly required

(CONTINUED ON PAGE 24)

Commission Issue Seen In Missouri

Some Agents Demand Payment on
Full Amount of Impounded
Premium

REJECTED BY COMPANIES

Principals Refuse to Give Producers
Share in Amount to Be Refunded
the Assured

The request of a group of agents in Kansas City and St. Louis for payment of commissions on that portion of the premiums impounded in the 16 $\frac{2}{3}$ percent rate increase controversy, which are to be returned to policyholders under the compromise of the Missouri rate case, has been rejected by the Western Underwriters Association.

Under the terms of the settlement which applies to those companies whose cases have been before the federal court, policyholders are to get 20 percent of the refunded premium, 50 percent reverts to the companies and 30 percent is to be held by the state for the account of the companies, out of which the expenses of the litigation will be paid.

Position of Companies

The companies will pay commissions on the 80 percent but not on the 20 percent that is returned to policyholders. The position of the companies is stated thus:

"The issue in Missouri is clear. Policyholders are surrendering their claims to any more than 20 percent of the impounded money. Insurance companies are giving up that 20 percent after incurring enormous expense, yet agents are demanding they be paid in full, contrary to the letter and spirit of their agreements with companies and the long standing customs of the business.

Get More Than Assured

"Under this contention, advanced by a limited number of agents who are proposing to force the issue, agents would be receiving a large proportion of the impounded funds than the policyholders.

"They would place the business, politically, in an unfriendly position for the future, would necessitate a revamping of the methods of company operation so that companies could be protected in this matter of commission in any future case and are deliberately violating the provisions of the commission contracts under which they are and have for a long time been operating."

Not in the Settlement

The matter of commissions, being one solely between companies and agents, is not embraced in the settlement agreement, according to the companies. The company people hold that it is a matter between companies and agents and that companies could not be expected to pay on money they did not receive.

(CONTINUED ON PAGE 24)

St. Louis Agents Seek Full Commission in Rate Case

RESENT W. U. A. DECISION

See Possibility That Agents May Enter Litigation—Charles Morrell Heads Special Committee

ST. LOUIS, Dec. 24.—Announcement by the Western Underwriters Association that Missouri agents will be paid commissions only on 80 percent of the impounded premiums in the 16 2/3 percent rate increase case has caused dissatisfaction in agency ranks here and it is possible that prior to Dec. 31, the final date set by the federal court for intervention, some agents will enter the litigation. The charge is made that the W. U. A. ruling is in conflict with the terms of the peace pact entered into between the companies and Superintendent O'Malley.

Some months ago Charles M. Howell, Kansas City attorney and reciprocal insurance leader, entered into an agreement with the Missouri Association of Insurance Agents, to represent agents so that they would be assured of receiving their commissions on the full amount of the premiums collected regardless of the final adjustment of the cases.

The Fire Underwriters Association of St. Louis has named a special committee to handle the situation for members. This committee is composed of Charles Morrell, Markham & Co., chairman; A. C. Carr, Jr., Carr Brothers, and R. J. Edgar, Lon Harlow & Co. E. J. Boyce will sit with the committee as an observer for the second and third class members.

Early in December the question of commissions had been discussed by the governing committee of the W. U. A. with special committee of St. Louis agents composed of Leslie Bright, Lawton, Byrne & Bruner, Arthur F. Felker, Laclede agency; O. D. Prowell, Capen & Co., W. D. Hemenway, Jr., Insurance Agency Company, John J. O'Toole, F. D. Hirschberg & Co., and Ed G. Marsh, Jr., Case, Thomas & Marsh.

G. & R. Pays Dividend on Stock Issued to Creditors

NEW YORK, Dec. 24.—Directors of the Globe & Rutgers have declared a dividend of \$6.15 a share on the second preferred stock payable March 1, to holders of record Feb. 14. This constitutes a dividend at the rate of \$5 a share annually from Dec. 6, 1934, to February, 1936. The full dividend is payable, however, only on stock issued prior to March 1, 1935. Dividends accrue only from March 1 on Sept. 11, preceding the date of issue of such stock in respect of second preferred stock originally issued subsequent to Feb. 28, 1935, and the dividend payable to holders of stock so issued will be adjusted accordingly.

In a letter to holders of the second preferred stock, Fred A. Hubbard, president, says:

"The payment of the above dividends, though not earned from current insurance operations, is made possible, in large part, by salvages realized in respect of reserves set up for rehabilitation. Under the circumstances the board of directors feels that the holders of second preferred stock, which was issued originally to creditors of the company, are entitled to receive this dividend. The directors feel it incumbent upon them to advise the holders of second preferred stock that, while it is the present policy of the board of directors to pay dividends on the second preferred stock from time to time out of such funds as may be available therefor under the provisions of law and the company's charter, in the nature of

Out They Go



McKAY REED

LOUISVILLE, Dec. 24.—Announcement was made this week of the resignation of McKay Reed, of Louisville, as insurance commissioner; and of G. B. Senff, of Mt. Sterling, Ky., assistant or chief deputy, who formerly held Mr. Reed's post.

The resignations were part of a wholesale list of resignations by state department heads, commissioners, etc., following request by Governor Chandler, who has apparently undertaken to clean out heads of practically all departments. Whether new men will be named now, or appointments will be held up until after the close of the legislature, which convenes Jan. 2, is not known.

things the payment of this dividend must not be construed as an indication that the second preferred stock is on a permanent dividend basis.

"At this time I think it appropriate to say to stockholders that substantial progress has been made by the company during the year. The building up of the company's business is continuing

Supreme Court to Decide Russian Fire Credit Case

GOVERNMENT SUBMITS CLAIM

Three Million Involved in Case Growing Out of Assignment of Soviets in 1933

WASHINGTON, D. C., Dec. 24.—Final presentation of claims of the government to some \$3,000,000 still remaining to the credit of three Russian insurance companies liquidated in New York state following the Russian revolution of 1917 was submitted to the United States Supreme Court last week. Decision is expected to be rendered early next month.

The government's case grows out of an assignment by the Soviet government of its claim to the money, made during the negotiation of American recognition of Russia in 1933. The companies involved were the Moscow Fire, First Russian and Northern of Moscow.

Assignment Invalid

At the time the assignment was made, the funds of the companies remaining after the satisfaction of claims were in custody of the New York courts. The government presented its claim to a referee appointed by the state supreme court, who rejected it, and suits brought in the Federal District Court resulted in an adverse decision, which held that the assignment was invalid and the funds involved were beyond the reach of the Russian government.

Carrying the case to the circuit court of appeals, the government again lost in a decision that no action could be maintained in a Federal court to disturb arrangements already made by the state courts. Carrying the suits to the United States Supreme Court, the government contended that international agreements overshadowed the rights of the state in a situation such as this and urged that its claim be held valid.

to go forward. The cooperation of the company's stockholders in securing additional business for the company will be greatly appreciated."

THE WEEK IN INSURANCE

New standard automobile bodily injury form meets and/or criticism. **Page 27**

Solve silicosis problem in California. **Page 29**

The Secretary of the Navy at Washington rules that foreign companies cannot participate in builders' risk insurance carried by shipyards constructing vessels. **Page 16**

The Fireman's Fund is to move its western department in Chicago to the Insurance Exchange. **Page 8**

Report is made on the insurance results in Canada for 1934 and for the five year period ending Dec. 31, 1934. **Page 3**

Two important reversals in the fire loss trend have taken place during the last six years. **Page 3**

George A. Watson, associate editor of The National Underwriter at New York, reviews the fire insurance conditions of 1935. **Page 1**

Through the generosity of President Wilfred Kurth of the Home, 26 members of the freshmen squad of Southern Methodist University will go to Los Angeles to see the Rose Bowl game. **Page 3**

Charles H. King is resigning as manager of the Fidelity & Casualty at Cleveland, completing almost 50 years of service with the company. **Page 32**

Massachusetts compulsory auto liability law to be amended Jan. 1 due to "Rules of the Road" decision. **Page 30**

Continental Assurance, running mate of the Continental Casualty of Chicago, on Jan. 1 will open its own accident and health department independent of the parent company. **Page 33**

Annual review of the casualty and surety business for 1935 is given. **Page 27**

Gustav Lindquist, former Minnesota insurance commissioner, is convicted on a charge of conspiracy to gain control of and to loot the Abraham Lincoln Life. **Page 36**

Some industries interested in the promotion of automobile sales are becoming alarmed at the growing number of traffic accidents. **Page 27**

L. E. Shallberg is appointed Philadelphia manager of the Ocean Accident succeeding C. W. Stockwell, who becomes manager there for the Standard Surety & Casualty. **Page 32**

Demand of Missouri agents that companies pay commissions on the amount refunded to policyholders in the settlement of the Missouri rate case has been officially turned down by the companies. **Page 1**

Robert S. Hoffman will be the new president of the Boston Board. **Page 11**

Total liability \$140,000 in Virginia bus accident that drowned 14 persons; American Fidelity & Casualty on risk, well reinsured. **Page 30**

Report has it that Eastern Underwriters Association will turn down Pennsylvania agents request for contingent commissions. **Page 6**

Detroit Agents Demand Repeal of State Fire Fund

STRONG MEMORIAL ADOPTED

Ask Gov. Fitzgerald to Embrace Repealer as Administration Measure—E. J. Schofield Is Speaker

DETROIT, Dec. 24.—The state fire fund was vigorously assailed by members of the Detroit Association of Insurance Agents at the last meeting, and a resolution demanding repeal of the act was adopted.

The resolution pointed out that the state fund method of determining insurable values and of fixing the rate is arbitrary, out-moded and inimical to the interests of the public.

The state fund assets have never exceeded \$750,000, which is inadequate, according to the memorial. The state has received at least \$3,000,000 per year by reason of premiums collected by regular companies which are fully equipped to provide public insurance.

Ask Governor's Support

The resolution urged Governor Fitzgerald to espouse repeal and bring it to the attention of the legislature immediately upon its next session. The resolution promised to make a complete survey of state properties.

In a letter accompanying the resolution, other angles of the state fund question were cited.

E. J. Schofield, vice-president, C. E. Ricker Advertising Agency, talked on "Insurance Advertising." He said nothing is sold without advertising, even if it is only by signs on the agency or word-of-mouth advertising by the agent and his clients. Too many agents think of advertising only as printed matter, he declared.

Printed advertising requires the services of a man trained in this work to be fully effective, he said. Mutuals, he declared, are consistent advertisers. The best way to meet that competition is to advertise.

The nominating committee, of which L. Raymond is chairman, presented a slate of eight nominees for the four vacancies on the board of directors, from which four will be chosen at the annual meeting in January. The nominees are Wm. A. Doyle, L. K. Hennes, H. L. Newnan, H. T. Stock, C. W. Wilson, B. A. Carse, C. E. Theisen and George Hughes. Retiring directors are H. L. Newnan, F. A. Ginsberg, H. K. Hollister and C. W. Wilson.

Cravens, Dargan & Co. Tell of Their Biggest Policy

Cravens, Dargan & Co., general agents at Houston, Tex., state that the largest policy issued by the firm for \$21,000,000 was written by a local agent under a reporting form. It is now in effect and insures baled cotton in storage. The firm says that the servicing of this policy requires a large part of the agent's time for the policy limits must be checked with the fluctuating market. The monthly report must be accurate as to the number of bales on hand and the movement of bales in and out. Endorsements are complicated because of the large figures and the number of bales being handled. The premium payments must be financed. Cravens, Dargan & Co. say that the low cotton market and government loans on cotton to the farmers have been responsible for the storing of large amounts of cotton throughout the cotton producing states. Probably at no time in the future, says the firm, will circumstances produce a repetition of this mass of storage cotton or the need to cover a liability to such extent.

The Charter Oak Fire of Hartford, newly organized running mate of the Travelers, has been admitted to Virginia.

Loss Ratio Shift to Rural Sectors

Two Important Reversals in
the Fire Trend
Recognized

BUSINESS PLAN CHANGED

Some Important Factors That Have
Reduced the Hazards in the
Larger Cities

By RALPH E. RICHMAN

HARTFORD, CONN., Dec. 24.—Two important reversals in the fire loss trend have taken place within the past six years. The first is the failure of a high loss ratio to parallel a business depression. The second, and this reversal began somewhat more than six years ago, is the changing source of the major part of the nation's fire loss from the urban and industrial community to the farm and small town.

New Era Is Seen

Undoubtedly one reason for the absence of great fire loss, induced by moral hazard when the depression began, was the unprecedented change which had taken place in American business methods. Both in factory and in retail outlet, the day of great inventory values had passed. Quick and easy transportation, the practice of quick and easy turnover, and efficiency in machines and men had brought in a new era of manufacturing and marketing. The great wholesale houses with their immense stocks of goods for distribution as much as a year ahead had all but disappeared. This lack of great accumulation in finished goods undoubtedly accounted for some of the improved loss ratio.

Other Contributions

But better building construction, better municipal protection, particularly in the form of fire preventive building inspection along with an acceptance of responsibility for fire loss on the part of industrial management were just coming to full fruition in results when the depression started. These are almost certainly the principal reasons for the reversals mentioned.

There are plenty of conflagration areas left in the cities, but in most of them the day is gone by when a finger could be put down nearly anywhere in the high value district. The only discussion would center about which conflagration area that spot belonged in provided the entire high value district were not in itself a conflagration area.

Fire Prevention Movement

One industry after another took up fire prevention and fire protection in a serious way. The motion picture industry safeguarded the film exchanges which were at one time the source of constant huge losses. Some of the great

(CONTINUED ON PAGE 24)

Fix Agents' Spring Meet for Atlanta April 6-9

Atlanta has definitely been selected by the executive committee of the National Association of Insurance Agents for the mid-year meeting of the organization. The meeting will be held the week of April 6 with headquarters at the Atlanta-Biltmore hotel. A get-together dinner will be held Tuesday evening, April 7, and the business sessions will continue through Wednesday and Thursday of that week.

Statistics Are Given on the Business in Canada

FIVE-YEAR RESULTS SHOWN

Loss Ratio for 1934 Is Found to Be
40.91 Percent by the
Department

TORONTO, CAN., Dec. 24.—An analysis of the fire insurance business in Canada during 1934 and for the five years ending Dec. 31, 1934, has been completed by the Canadian insurance department. The business is divided into 27 classifications covering nearly \$43,000,000 in premiums since 1934, and \$241,000,000 in the five-year period. The average loss ratio for 1934 was 40.91 percent and for the five-year period 55.79 percent.

The loss ratio on sprinklered risks was 17.58 percent for 1934 and 31.61 percent for the five years with premiums of \$16,000,000 in the latter period, while the loss ratio for the five years, 1925 to 1929, was 35.82 percent with premiums of over \$16,000,000, thus making a favorable showing.

The value of fire departments is exemplified by the experience on dwellings, those in protected points having produced in 1934 a ratio of 46.58 percent with premiums of \$8,500,000, while for the five-year period the loss ratio was 49.25 percent with premiums of over \$45,000,000. Dwellings in unprotected places suffered a loss of 60.63 percent in 1934 and loss of 75.9 percent for the five years with premiums in the latter period of almost \$12,000,000.

An unfavorable experience on farm risks is indicated by the loss ratio on "All other dwellings and farm property" of 59.3 percent in 1934, and 82.9 percent for the five years with premiums of \$14,500,000 in the latter period. The loss ratio on farm risks for the five years, 1925-1929, was 74.71 percent with premiums of \$14,000,000.

Deal of Blue Goose With Old Line Life Collapses

C. P. Helliwell of Milwaukee, grand wielder of the Blue Goose, has notified members that he has given up hope of obtaining life insurance in the Old Line Life of Milwaukee and accordingly has made arrangements with the Lincoln National Life whereunder that company will continue to carry the insurance until Jan. 31, 1936.

The Old Line Life had agreed to provide insurance for members on the ordinary life or life expectancy plans provided 85 percent of those presently insured in the Lincoln National Life made application for the new insurance before Dec. 31. Mr. Helliwell now states that it is apparent that the requisite number of applications will not be received. In the emergency Mr. Helliwell has arranged with the Lincoln National to issue a binder terminating Jan. 31, 1936, covering those who have already sent in their applications for the Old Line Life policies and those who shall make application before Dec. 31. This additional month's protection will give an opportunity to decide on the future course.

Alabama Premiums Down

BIRMINGHAM, Dec. 24.—Business of stock fire companies in Alabama for 1935 will show a decrease of 5 to 8 percent over the preceding year according to estimates by special agents. Considerable business, especially on cotton, was lost to mutuals and cut-rate companies and to this is attributed part of the drop. The comparison is with 1934 which was a pretty good insurance year in the state. The loss ratio was very favorable, there being very few fires of a major nature in the state. Collections were best in four or five years.

Rose Bowl Daddy



WILFRED KURTH

DALLAS, TEX., Dec. 24.—President Wilfred Kurth of the Home will have 26 personal representatives at the "Rose Bowl" game New Year's Day in Los Angeles. Through his generosity the Southern Methodist University freshman football squad is making the trip from Dallas to the Pacific Coast to see the SMU regulars play in their first "Rose Bowl" contest, and as representatives of the east.

Bud Sprague, former University of Texas and Army football star, is assistant secretary of the Home and he has a brother, Howard, who is a former SMU star, while another brother, Johnny, is on the present team. A third brother, Charley, is on the SMU freshman squad. Bud talked to Mr. Kurth about the SMU colts trying to get the railroads to put on a few freight cars so they could afford to make the trip, and then Mr. Kurth talked, via long distance, to General Agent Denny D. McLarry, at Dallas.

"I am going to send those 26 boys out to that game," said Mr. Kurth in his long distance talk to Mr. McLarry, "and I believe it will be the finest Christmas present that anyone could give them."

All of the southwest is football conscious this year and Mr. Kurth's gift to the ambitious but financially poor freshman football players has attracted state-wide attention.

Report Truce in Pearl's Contest in Washington

SEATTLE, Dec. 24.—A truce has been declared and a compromise agreement effected between Commissioner Sullivan and the Pearl Assurance in the fire rate controversy which has been raging ever since July 1, it has been reliably reported. Neither Commissioner Sullivan nor Pearl officials denied the report, and Commissioner Sullivan went so far as to state that he fully expected to be able to announce details of the pact very shortly. It is understood that the agreement has already been approved by both sides and its terms call for the Pearl's withdrawal of two special hazard schedules. In return, the department agrees not to contest further the Pearl's use of deviated rates.

Revise Motor Vessel Rates

SEATTLE, WASH., Dec. 24.—Rate revision will shortly be made by Seattle marine underwriters in the Pacific Northwest motor vessels agreement. It is hoped to arrive at more uniform rates.

Shreveport, La.—The local agency of Maynard & Snow at Shreveport has been dissolved. V. P. Maynard and L. H. Snow are continuing separate agencies.

Agents Are Placed Under D. of C. Act

Subject to Unemployment Com-
pensation Tax, Official Board
Rules

PREPARING REGULATIONS

Agency or Company Must Pay Levy
for Social Security, as Two
May Agree

WASHINGTON, D. C., Dec. 24.—Insurance salesmen are employees and their earnings are subject to tax under the District of Columbia unemployment compensation act, the Unemployment Compensation Board of the District ruled. The decision is embodied in regulations being prepared, which will be ready for distribution in about a week.

The insurance salesman's tax, the board decided, is to be paid by his agency or company, as the two may agree. The same rule applies to other salesmen, the board stated in a news release.

Briefs Held Opposite View

This decision is contrary to the contention in briefs filed recently with the board by the Association of Life Insurance Presidents and American Life Convention. These organizations argued that life insurance agents are "independent contractors," and as such not contemplated in the social security legislation. Many court decisions to the effect were cited, especially involving cases originating through an effort to have life agents declared eligible for workmen's compensation benefits. The decisions uniformly found that life agents did not fall within the province of the workmen's compensation acts of the states, mainly on the theory they were "independent contractors."

Serves as Precedent

Life company officials, general agents and agents had felt the case for industrial life agents might not be tenable, but they were confident that ordinary agents on commission would be relieved from necessity to contribute to the funds for social security. The District of Columbia decision undoubtedly will carry great weight in setting the status of agents in other jurisdictions under social security legislation.

Reelect Little Rock Officers

LITTLE ROCK, Dec. 24.—The Greater Little Rock Insurance Exchange has reelected officers as follows: Louis Rosen, president; Elbert Brack, vice-president, and Major Dent, secretary. The nominating committee recommended the continuance of the present officers "in view of the splendid work being done by them and the importance of the continuation of this work without a break."

Inspection Bureau Election

At the annual meeting of the Eastern Underwriters Inspection Bureau, new members of the governing committee were elected as follows: Guy E. Beardsley, Aetna Fire; L. J. Borland, Great American; C. C. Hannah, Fireman's Fund; F. C. Hatfield, Phoenix of Hartford; C. W. Johnson, North America; C. W. Pierce, Continental, and O. E. Schaefer, Westchester.

W. J. Gill, head of the A. H. Birrell-Gill Company agency, has sold his firm to R. H. Stephens & Associates.

SUCCESSFUL AGENT TELLS THE SECRET

"I simply added initiative to the financial integrity of a sound, conservative company . . . and premiums poured in."



PHILADELPHIA FIRE and MARINE INSURANCE COMPANY

HEAD OFFICE: 1600 Arch St., Philadelphia, Pa.

CHICAGO OFFICE: 209 W. Jackson Boulevard

SAN FRANCISCO: { Fire Office—200 Bush Street
Marine Office—231 Sansome St.

Auto Finance Is Discussed by Morris Plan Bank Head

RAPS FINANCE COMPANIES

Insurance Board of Cleveland Takes Action to Claim Insurance for Local Agents

CLEVELAND, O., Dec. 24.—A co-operative message was given by Thomas Coughlin, president of the Morris Plan Bank of Cleveland, before the Cleveland board. He brought out the status of the automobile financing field in which local insurance agents have been losing business for years. This, he suggested, was a ground of common interest to both agents and financial institutions.

Until the last session of legislature, all banks were required to do business in their own field and had no powers beyond that. Today, as a result of legislative action, they may enter the other fields and operate under a combined plan. This provides the opportunity of entering the auto financing business and Mr. Coughlin opined that many banks will do so. The Morris Plan Bank of Cleveland, which pioneered in the auto loan movement on the new low rate plan by banks, has based its co-maker and collateral loans on the character of the applicant. It maintains that same policy in offering loans for auto financing. The security of the automobile is secondary.

Buy 65 Percent on Time

Mr. Coughlin pointed out that 65 percent of autos purchased are on the time payment plan. The field has offered exceptional business to the regular finance companies who went through the depression making a continuous profit. Studies made by the Morris Plan bank show that the automobile has been a very good security. People will make every effort to pay before they will give up their automobile. The speaker called attention to the operating methods of the auto finance companies who buy paper from dealers at a fixed rate. They insist that the purchaser of the car place his insurance with their recognized insurance company. The finance companies get a wholesale rate on this and charge the client regular terms so that the difference is claimed by the finance companies in the way of commissions.

"An estimated 50,000 cars may be financed in Cuyahoga county next year. This represents a vast premium. Most finance companies insist on fire, theft and \$50 deductible collision. Even if the premium were as low as \$20 per car, which it is not, the car sales here next year would mean \$1,000,000 additional insurance premiums. And, since many loans run 14, 16 and even 24 months, it may be seen that insurance must run over the yearly period. Therefore, it is reasonable to estimate that between a million and a million and a half dollars would be lost by insurance agents as a result of finance company control of insurance.

Pay no Taxes

"Finance companies in the auto field pay no taxes to maintain city or state governments and from the economic standpoint, their money is lost to you because most of it goes out of the city. Some insurance organizations have drawn up resolutions protesting this but nothing further than that has been done and the insurance fraternity has no way of fighting it.

"The Morris Plan Bank requires fire and theft insurance only. The reason for this is, that the bank is dealing mainly on the client's character and not so much on the security of the automobile. We have a 6 percent add-on charge and for a time this rate was much lower than the auto finance companies who have since met it. We offer an advantage, however, on used car financing."

Mr. Coughlin stated his belief that the

Dean of Agents



EDWARD S. HAWLEY, Buffalo

In a recent issue of the Buffalo "Times" appeared a character sketch of Edward S. Hawley, head of the Woodward-Hawley Agency of Buffalo, who is 89 years of age and was a partner of the late C. H. Woodworth, former president of the National Association of Insurance Agents, and one of its founders. Mr. Hawley goes to his office every day and usually is the first one there. In his day Mr. Hawley was one of the greatest short stops in baseball, when he held forth in 1863. He was captain of the first team to bear the name of the Niagara Baseball Club. The team twice won the New York state championship during his regime. The Brooklyn team of the old National Association formed the first Niagara team in 1857. The most notable achievement of the Niagaras during Mr. Hawley's membership in the team was when it beat the Brooklyn. Mr. Hawley is the oldest member of the New York State Association of Local Agents.

automobile dealer should make his profit off the sale of the car, the financing institution on the financing, and the insurance agents on insurance.

At the conclusion, the Insurance Board called attention to slips which had been passed out to the members as samples. These slips are intended for prospective automobile purchasers or borrowers and are labeled "Low Cost Auto Financing—Better Insurance." Motion was made and unanimously carried that the Insurance Board of Cleveland distribute such slips and that agents use them as envelope stuffers. It was also proposed that this be no mere resolution or spasmodic effort but that the campaign to recapture lost insurance be carried on forcefully.

O'Malley Heads Special Examination Committee

Commissioner Read of Oklahoma, secretary of the National Association of Insurance Commissioners, announced the appointment of Commissioner O'Malley of Missouri as chairman of the recently authorized sub-committee of the examination committee. Commissioner O'Malley made the motion to appoint such a sub-committee at the December meeting in New York. Duties of the body will be to study ways and means of making examinations of insurance companies and report back to the convention at the annual meeting in June. Other members of the committee will be named shortly.

The Cincinnati Blue Goose puddle held its annual pre-Christmas party Monday.



LIKE SITTING ON A BOMB

Your clients with uninspected heating boilers in their homes are living over potential destruction.

The biggest value of an F. & C. Boiler Policy is the expert inspection service which goes with it to prevent the occurrence of a disastrous explosion.

Sell your clients this protection.

PROVED BY THE ACID TEST OF TIME

The AMERICA FORE GROUP

THE CONTINENTAL INSURANCE COMPANY
AMERICAN EAGLE FIRE INSURANCE COMPANY
FIDELITY-PHENIX FIRE INSURANCE COMPANY
FIRST AMERICAN FIRE INSURANCE COMPANY

Eighty Maiden Lane,



of Insurance Companies

NIAGARA FIRE INSURANCE COMPANY
MARYLAND INSURANCE COMPANY OF DELAWARE
THE FIDELITY AND CASUALTY COMPANY
ERNEST STURM, Chairman of the Boards
BERNARD M. CULVER, President

New York, N.Y.

NEW YORK CHICAGO SAN FRANCISCO

ATLANTA DALLAS

MONTREAL

1936—More Sales for You?

AUTOMOBILE shows indicate greater sales opportunity for Automobile insurance in 1936. Will you get your share? You will if you offer AMICO'S security, coast-to-coast service and material economy. Moreover, because of these factors, you will find that AMICO business renews itself. Investigate AMICO today—make the New Year bring increased sales to you.

AMERICAN MOTORISTS INSURANCE COMPANY

JAMES S. KEMPER, President

Home Office . . . Chicago, U. S. A.

LARGEST ILLINOIS STOCK CASUALTY COMPANY

WHEN answering advertisements in this paper will you kindly mention that you "saw your ad in THE NATIONAL UNDERWRITER"?

Say Contingent Request Will Not Be Permitted

LOOKED ON WITH DISFAVOR

Pennsylvania Agents, It Is Stated, Will Not Get Affirmative Reply to Demand

From a reliable source comes the report that the Eastern Underwriters Association has rejected, in so many words, the demand of the Pennsylvania ordinary department agents for a 5 percent contingent commission. The companies have not flatly said so. They have not officially turned down the agents' demand. But they have intimated that such is their decision. Following the recent meeting of the committees of the E. U. A. and the Pennsylvania Insurance Agents Association held in New York City, the conferees reported "further progress." Further than that, they would make no statements for publication.

Another meeting is scheduled for sometime in January. However, it is doubtful whether any member of the agents' group expects any answer other than a "No" for a contingent for Middle Department agents.

It can be said that at the New York meeting, the companies turned a deaf ear to the arguments voiced by the agents for a contingent.

Hosmer to Name Committee

P. B. Hosmer, as chairman of the Chicago Insurance Agents Association, has been authorized to appoint a conference committee to deal with other organizations on problems in which the association may from time to time become interested. The association has decided to take a more positive position on the various issues that arise and the conference committee will make known the sentiment of the association and will take whatever action is possible to make its influence felt.

Complete Recodification Plan

A tentative recodification of the Virginia insurance laws has been completed by the Virginia state insurance commission and will be presented to Governor Peery in about a week. W. C. Hall of London is chairman of the commission.

Miscellaneous Notes

The Truck Insurance Exchange of Los Angeles has been admitted to Oregon. R. Chrisman, 935 Taylor street, is Oregon representative.

Directors of the National Security Fire, declared a 5 percent dividend on the capital stock, payable at once to holders of record Dec. 17. A profitable year with substantial increase in business in all states in which it operates was reported by directors.

Author of Article in Reinsurance Edition



ALONZO CHURCH

Alonzo Church, who is vice-president in charge of the eastern facultative department of the Inter-Ocean Reinsurance in New York, is the author of an interesting article on his specialty in the reinsurance number which is part of this week's edition of The National Underwriter.

Basis Tariff for Illinois Public Buildings Reduced

The general basis schedule for public buildings in Illinois has been revised. In general, the revision amounts to a reduction of from 18 to 25 percent on buildings and contents, according to the type of construction and location. The Illinois Inspection Bureau is now busy inspecting all public building risks throughout the state and is publishing out the rates just as quickly as the work is completed. Due to possible changes in application of credits and charges, the actual rates will not necessarily correspond with the changes in the basis schedule.

Stickney Tries Augusta Courses

AUGUSTA, GA., Dec. 24.—J. W. Stickney, of Indianapolis, newly elected secretary of the Indiana Association of Insurance Agents was a recent visitor to Augusta and its golf courses.

UNION INSURANCE COMPANY OF INDIANA

Executive Offices: INDIANAPOLIS

BRANCH OFFICES

Columbus, Ohio
2910 A.I.U. Citadel

Decatur, Ill.
253 S. Park

FIRE

PLATE GLASS

AUTOMOBILE (All Covers)

TORNADO

PUBLIC LIABILITY

Agency Inquiries Invited



A strong, progressive stock company. Organized 1849. Desirable territory in Indiana, Illinois and Ohio



During the 148 years which represents the combined ages of the three companies in the Pearl-American Fleet, every conceivable insurance problem has been met and mastered.

This experience, gained in the four quarters of the world is available to agents of the Fleet companies. It is

an asset as important as the strength, resources and aggressiveness of the Fleet.

Agents who want the experience and resources of a world-wide company back of them are invited to write the nearest office of the Fleet for details of the Fleet agency plan.

PEARL-AMERICAN FLEET

PEARL ASSURANCE CO., LTD., United States Branch
EUREKA-SECURITY FIRE & MARINE INSURANCE CO.
MONARCH FIRE INSURANCE CO.

NEW YORK
80 John St.

CLEVELAND
4300 Euclid Ave.

CINCINNATI
17th Floor, Carew Tower

CHICAGO
175 W. Jackson Blvd.

PHILADELPHIA
428-430 Chestnut St.

SAN FRANCISCO
200 Bush St.

225TH ANNIVERSARY



**THIS SIGN HAS STOOD FOR STRENGTH, SOLIDITY
AND SQUARE DEALING SINCE 1710**

SUN INSURANCE OFFICE, LTD. OF LONDON FOUNDED 1710

**Sun Underwriters Insurance Company of New York
Patriotic Insurance Company of America
Sun Indemnity Company of New York**

**FIRE
LIGHTNING
WINDSTORM
AUTOMOBILE
EXPLOSION
RIOT & CIVIL COMMOION
USE & OCCUPANCY
RENTS & RENTAL VALUE
LEASEHOLD
INLAND MARINE
OCEAN MARINE**

**TOURIST FLOATER
SALESMEN'S FLOATER
YACHT AND MOTOR BOAT
ALL RISK PERSONAL
JEWELRY
ALL RISK PERSONAL FURS
ALL RISK TOURIST FLOATERS
JEWELERS BLOCK POLICIES
PUBLIC LIABILITY
MERCHANDISE IN TRANSIT
via Truck, Rail or Steamer
(Annual or Trip Policies)**

HEAD OFFICE: 55 Fifth Ave., New York
O. Tregaskis, U. S. Manager

WESTERN DEPARTMENT

309 W. Jackson Blvd., Chicago
Chas. W. Ohlsen, Manager

PACIFIC COAST DEPARTMENT

San Francisco, Cal.
Swett & Crawford, General Agents

MARINE DEPARTMENT

111 John St., New York
Wm. H. McGee & Co., Inc., Gen. Agts.

SUN INDEMNITY COMPANY

55 Fifth Ave., New York
F. I. P. Callos, President

Send 9 cents in stamps for sample copy of
THE ACCIDENT & HEALTH REVIEW
The only exclusive accident and health paper published.
Address your inquiry to A-1946, Insurance Exchange, Chicago

AS SEEN FROM CHICAGO

COZZIE TAKES PLANE TRIP

James Cozzie, assistant to Donald Wood of Childs & Wood, Chicago, has just returned from an annual inspection trip to both the east and west coast. Mr. Cozzie traveled entirely by plane over the American Airlines.

* * *

LAST QUARTERLY MEETING

The Western Adjustment held its last quarterly meeting prior to the annual meeting in January in Chicago. Among those from outside the city attending was R. F. Van Vranken, vice-president and secretary of the Home.

* * *

CANADIANS HONOR C. R. STREET

Vice-president Charles R. Street, in charge of the Great American western department was honored at the annual Christmas ceremonies at the Chicago office Tuesday by the presentation of a bronze bison mounted on Manitoba marble. The gift was from agents in the western Canadian provinces, commemorating the 50th anniversary of Mr. Street's association with the fire insurance business in western Canada. The presentation was made by G. W. Funk, executive special agent, on behalf of the Canadian donors. Supervision over the Great American's western Canada business was transferred about two years ago from the western department and added to the Canadian department at Montreal under Manager Adam McBride.

Mr. Street has a loyal following among the Dominion agents.

Mr. Street on Jan. 1 will be 70 years of age and will have completed 52 years in the insurance business. It is whispered that his staff is preparing to mark that occasion.

* * *

BUSINESS IS BEING SWITCHED

A good many agents and brokers in Chicago these days are making a door-to-door canvass of frame dwellings, soliciting the fire insurance of the residents. Frame dwellings enjoyed the heaviest rate reduction of any other type of structure in the recent revision of the minimum tariff rates and rules in the city. A few agencies have been getting in touch systematically with their assured, offering to cancel and rewrite the policies to give the assured the advantage of the lower rate. However, other agencies have felt that this would be an impossible task and they have not made any advances to their assured.

In view of the fact that there are a lot of policyholders who have not been apprised of the opportunity to make a saving, some producers are making this door to door canvass, telling what can be done and soliciting the business on the ground that a prospect's former

agent did not give the proper service. According to reports, a good deal of business is being switched. The big agencies are nervous, knowing that much of their business is exposed.

Although there is a difference of opinion about the merits of the \$1 service charge which is assessed against policyholders when the premium is less than \$15, satisfaction is expressed that the \$1 charge was not removed at the time the minimum tariff rates were reduced. Because they would have to pay another \$1 service charge if their policies were rewritten to take advantage of the lower rate, most of the very small assured would not be able to make a saving. The greatest number of requests for rewriting, however, are coming from these small assured and the business of explaining the situation to them consumes considerable time.

All of the offices in Chicago have been working over time recently and have been handling about triple the number of policies as under normal conditions. The class 1 agencies and company offices will receive from an agent a list of policies with a request that the cost of rewriting for a certain term be calculated, taking into account the return premium and the new rate.

* * *

SUB-AGENTS TO MEET

The second of a series of meetings designed to familiarize Chicago suburban agents with the new minimum tariff rates will be held under the direction of R. A. Parker, assistant manager Chicago Board, immediately after the first of the year.

The class 2 agents are experiencing a noticeable pickup in business since the rates have gone into effect. Not only are they securing a great deal of new business, but the new rates are aiding them in regaining the business of a great number of their own policyholders. The new extended coverage form is especially being received with enthusiasm as the agents are finding it much easier to place, compared with the old supplemental contract form. An important feature of the new contract is the fact that credit may be given on fire rates for the coinsurance clause, which was not included in the former contract.

* * *

FIREMAN'S FUND TO MOVE

The most important office change in Chicago for some time is made known in an announcement by Manager S. M. Buck of the western department of the Fireman's Fund, who states that the company is leasing 20,000 square feet of floor on the eighth floor of the Insurance Exchange in the southern section. This will be fully sound proof and air-conditioned and will be ready

(CONTINUED ON PAGE 11)

HANOVER

SOUND SECURITY

That's what *your Assured* wants

That's what *you* want—Mr. Agent

That's what *our policies* guarantee to both of you

83 YEARS OF HONORABLE OPERATION

\$4,000,000 CAPITAL JAN. 1, 1935

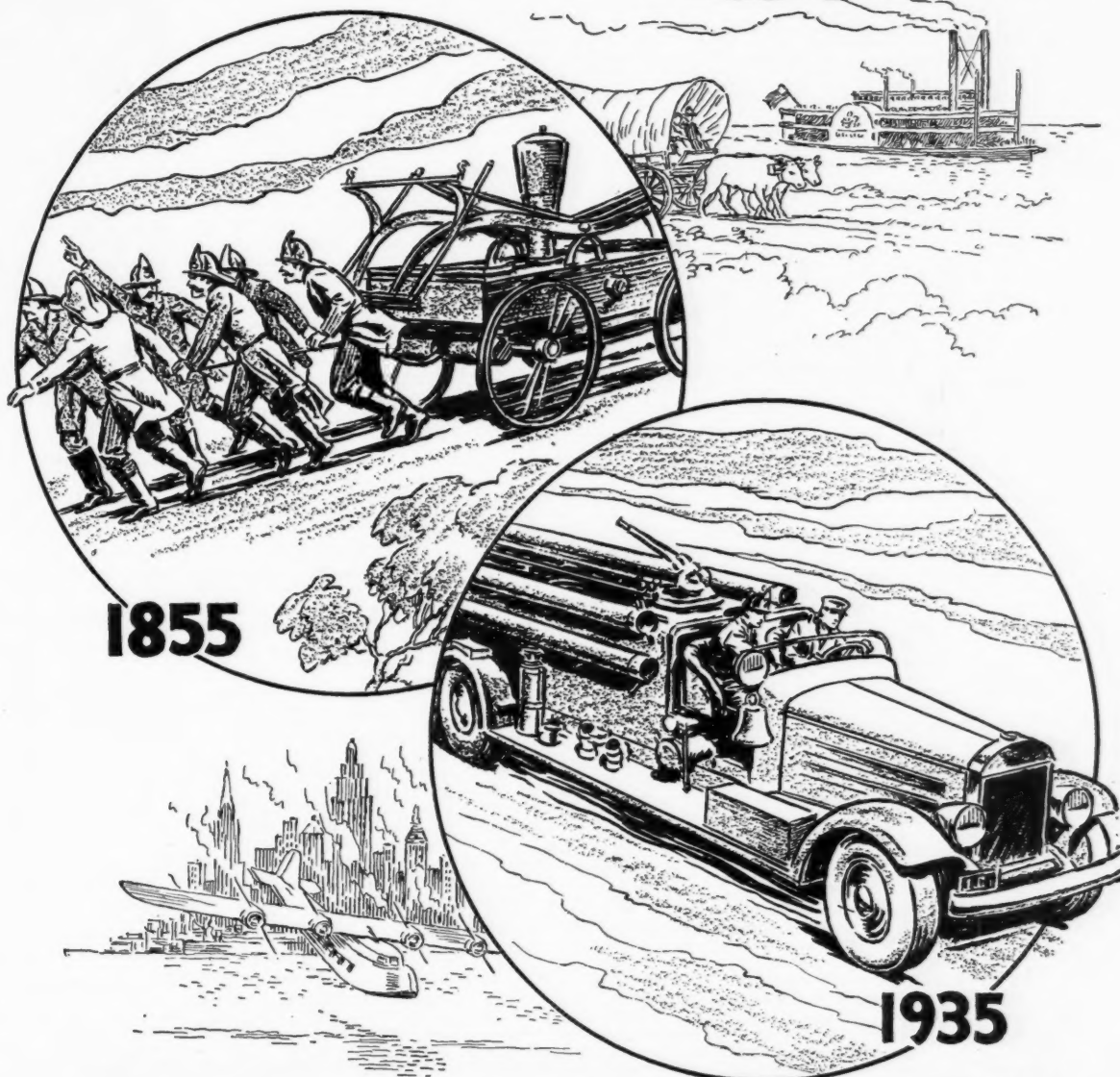
\$8,764,733 POLICYHOLDERS' SURPLUS

\$14,392,064 ASSETS

LOSSES PAID SINCE ORGANIZATION \$81,907,007

The HANOVER FIRE INSURANCE COMPANY of New York Charles W. Higley, Pres.

EIGHTY YEARS FAITHFUL PERFORMANCE



PROGRESS OF AMERICA

Paralleling the vast increase in fire insurance, since the Firemen's Insurance Company was founded in 1855 by a group of Newark volunteer firemen, is the spectacular change in fire fighting from man drawn, hand pumps to high speed motor apparatus.

Keeping pace with the progress of America, the Firemen's Insurance Company, thanks to the loyal support of its agents and policyholders, has become a great insurance institution with a proud record of EIGHTY YEARS OF FAITHFUL PERFORMANCE

LOYALTY GROUP

Firemen's Insurance Company of Newark, N.J.
The Girard Fire & Marine Insurance Co.
The Mechanics Insurance Co. of Philadelphia
Superior Fire Insurance Company
The Metropolitan Casualty Insurance Co. of N.Y.

ORGANIZED
1855
1853
1854
1871
1874

Milwaukee Mechanics' Insurance Company
National-Ben Franklin Fire Insurance Co.
The Concordia Fire Insurance Co. of Milwaukee
The Capital Fire Insurance Company
Commercial Casualty Insurance Company

ORGANIZED
1852
1866
1870
1886
1909

WESTERN DEPARTMENT

544 RUSH STREET, CHICAGO, ILLINOIS

CANADIAN DEPARTMENT

481 BAY STREET, TORONTO, CANADA

EASTERN DEPARTMENT

10 Park Place
Newark, New Jersey

PACIFIC DEPARTMENT

328 BUSH STREET, SAN FRANCISCO, CAL.

SOUTH-WESTERN DEPT.

916 COMMERCE STREET, DALLAS, TEXAS

Facultative Reinsurance—What It Is, Its Use and How It Fits

By Converse D. West

A few weeks ago one of THE NATIONAL UNDERWRITER editors came to me and said: "Won't you write an article on facultative reinsurance for our reinsurance number this year? Nothing controversial, but something of an explanatory nature would be welcome—describing the a, b, c's of your business; informative and helpful to examiners. The tendency is to assume that a lot of fundamentals are generally known, whereas, as a matter of fact, they are not."

Well, that statement may not apply to the great majority of fire insurance men as respects any other branch of the business, but I am here to say it is Gospel truth insofar as it applies to facultative reinsurance, the very name of which seems to strike awe and terror into the hearts of the uninitiate. I wish I had a dollar for every time an earnest seeker after knowledge has drawn me aside in a furtive manner and whispered, with bated breath, "Just what does 'facultative' mean?" So, I warn you now, dear reader, if you know what facultative means and how facultative reinsurance functions, turn the page at once and do not waste your good time in reading on, because I am going to do as I was bid and explain, in the simplest and most succinct way I can, just what it means and its why, wherefor and how.

Facultative Means What Webster Says It Does

To start, then, with fundamentals, old Noah Webster himself, over 100 years ago, knew what "facultative" means, which should make any of you who haven't already taken my advice and turned the page, feel very much ashamed. He said it is "having relation to the grant or exercise of a faculty, or authority, privilege, license or the like; hence (syn.) 'optional'—opposed to 'obligatory' and 'compulsory'." So now that mystery is cleared up, I hope. It seems to me a shame that some offices are unwilling to stand foursquare on the term and patiently explain that it is a good English word of Latin derivation meaning just what it says and describing exactly what it means as no other word in English does, not even its (sic) synonym "optional," and have instead compromised with the general lack of understanding of the meaning of the word by dubbing their facultative operations as "specific" reinsurance or some other similar term which, however, does not describe the functions of the branch of the business as accurately or as comprehensively as the one and only correct term does.

Now, you all know there are two basic

ways of reinsuring, (a), on a participating basis and (b), on an excess basis. And (b) may be either "excess of line" or "excess of loss." And either (a) or (b) may be facultative or obligatory, which latter term is another way of saying, by means of a treaty or continuing contract.

In the beginning, all reinsurance was facultative, in that each risk was a matter for separate negotiation between the insurer and the reinsurer. In those days, insurance was limited to marine hazards. As foreign trade became more complicated in its operations, with the introduction of steam vessel propulsion, consignees of goods from foreign ports found it necessary to have automatic insurance protection, as they could not know by what vessel their imports would arrive. So the marine open cargo policy was introduced, which gives automatic protection up to certain limits on any carrier. Several such policies on its books would build up for an insurer a potential liability on one vessel much greater than he could properly carry and from that union of liabilities the reinsurance treaty was born. In its first development it was merely a device for affording automatic protection to marine insurers against an excess of liability on any one bottom under open policies and its coverage was sometimes on a quota share (i.e., percentage) basis and sometimes on an excess of line basis (i.e., the insurer first carrying up to a specific amount and the treaty reinsuring the excess up to its agreed limit).

Germans Developed Automatic Coverage

So far, so good. The next step was to apply the insurance treaty to fire insurance, which in the meantime had been introduced and had outgrown marine insurance and in that, the Germans were the pioneers. They hit on the idea that automatic coverage for fire insurers would be a good selling proposition—as indeed it was—and how they sold it! Without quoting figures, know that in the years immediately preceding the great war the volume of fire reinsurance premiums taken out of this country by German (and, to a lesser degree, by other continental as well as British) reinsurers, by means of such treaties, was an astonishingly high percentage of the gross writings and was unwarranted by the exigencies of the situation. There are, of course, conditions under which a quota share or excess of line treaty capacity is advisable or necessary for a direct writing fire company and those conditions are especially applicable to the small independent company which, to make its policies salable, must give

its agents much greater automatic authorizations than it can prudently retain, but it is my belief that, as a rule, under the conditions extant today, the quota share or excess of line treaty in fire insurance is the refuge of the lazy underwriter.

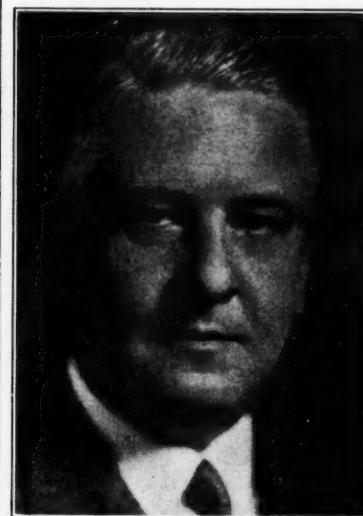
Anyway, the German reinsurance companies were primarily responsible for the development and popularity of fire treaties. The war put rather a "crimp" in that business and furthered a new development, viz., excess of loss reinsurance. Without going into a discussion of its advantages or disadvantages, which would be out of place here, it is sufficient to say that at present it receives much of the support that treaties once did and treaties have ceased to be the important factor that they were in the fire reinsurance business 20 or even 10 years ago.

Excess of Loss Form Largely Supplants Treaty

At last I have led up to the reason for the renaissance of facultative fire insurance in the past few years. In the beginning, it was the only kind of reinsurance that was thought of. Then the automatic treaty almost supplanted it. Now, excess of loss reinsurance has supplanted, to an important extent, the treaty. But whether a direct writing company operates under a quota share or excess of line treaty or under an excess of loss reinsurance cover, it still has occasional need for outside or special reinsurance and if its underwriting policies are prudent and conservative and it has a proper concern for the interests of its contract reinsurers, it is going to apply for facultative reinsurance much more frequently if it operates under the last mentioned plan. As most companies are prudent and conservative in their operations, they do so apply—hence the recent increase of interest in facultative markets.

Envisions Day When Service Will Be Appreciated

I am not going to predict an ultimate collapse of the excess of loss reinsurance pyramid but if, through the medium of an unprecedented catastrophe of some sort (which God forbid), it should occur or if, as is more probable and over which I could shed no crocodile tears, the direct writing American fire companies ultimately get tired of paying for an uncertain and questionable excess of loss reinsurance protection, then I honestly believe that facultative reinsurance protection will once more become thoroughly understood and appreciated by fire insurance underwriters



CONVERSE D. WEST
Facultative Manager Eagle Fire of
New Jersey and Baltica

and their "ever present help in time of need."

Give me credit that I have so far succeeded in saying nothing of practical value and yet haven't resorted to one story, funny or otherwise, which breaks some sort of a record for me, I think. But since I started out to define facultative reinsurance and to explain its why and wherefor and how and since I seem to have accomplished, after a fashion, all but the last of those objectives, "here's how!"

Fire reinsurance treaties lay down rigid rules of operation. Those rules vary in different treaties, of course, but generally speaking, the ceding company must retain a specified amount on each risk and must observe various other provisions with which it is frequently inconvenient, onerous, and costly to comply. On the other hand, each facultative reinsurance is a transaction unto itself. It is an independent bargain. There need be no retainer clause or other warranty. Only presupposed is the good faith of the ceding company in disclosing to the reinsurer all pertinent underwriting data in its possession. The facultative reinsurance underwriter accepts a risk just as if he were a direct writer. Thereafter, the said risk is supposed to be treated by the ceding company in the same manner. A specific policy is reinsured, in part or in whole,

(CONTINUED ON PAGE 21)

MARSH & McLENNAN

Insurance

FIRE
CASUALTY

LIFE
MARINE

BOND
AUTOMOBILE

164 West Jackson Boulevard, CHICAGO

MINNEAPOLIS
PITTSBURGH
NEW YORK
BUFFALO
DETROIT
BOSTON

INDIANAPOLIS
MILWAUKEE
CLEVELAND
COLUMBUS
LONDON

VANCOUVER
MONTREAL
WINNIPEG
PHOENIX
DULUTH

SAN FRANCISCO
LOS ANGELES
PORTLAND
ST. LOUIS
SEATTLE
TULSA

DIRECTORY OF LEADING LOCAL AGENTS

ILLINOIS

CRITCHELL, MILLER WHITNEY & BARBOUR

Established 1868

Insurance Exchange Building
CHICAGO

Eliel and Loeb Company

Insurance Exchange

Chicago

FRED. S. JAMES & CO.

Established 1872

Insurance Exchange Building

Chicago

LOUISIANA

LEON IRWIN & CO., Inc.

Unexcelled Insurance Facilities
NEW ORLEANS, LA.

MICHIGAN

Detroit Insurance Agency

G. W. Carter, Pres.

H. L. Newman, Vice-Pres.

Louis J. Lepper, Sec.-Treas.

Fisher Bldg.

Detroit, Mich.

MISSOURI

Lawton-Byrne-Bruner

INSURANCE

Saint Louis

NEW YORK

CENTRAL FIRE AGENCY, INC. (Underwriting Agency)

Risks accepted throughout the United
States, Canada, Cuba and Porto Rico

92 William Street, New York City

OHIO

Walter P. Dolle & Co.

"Insures Anything Insurable"

Dixie Terminal Bldg.

CINCINNATI

Submit Your Propositions to Us

WEST VIRGINIA

J. F. Paull & Company

GENERAL AGENTS

Rooms 508-9-10 Board of Trade Bldg.

Wheeling, W. Va.

Ohio, Pennsylvania and West Va.
Business Solicited

WISCONSIN

Chris Schroeder & Son Co.

86 Michigan St.

MILWAUKEE

Engineering Service—All Lines

The largest insurance agency in the
State of Wisconsin

FIELD MEN'S NEWS

D. M. Pollard, Jr., With Commercial Union in Texas

The Commercial Union group has appointed D. M. Pollard, Jr., special agent to assist Special Agent D. W. Florence of Houston, who has charge of production and supervision in that field. Mr. Pollard has had previous experience in rating office and field work. The appointment fulfills Mr. Pollard's desire to return to his native state where he received his early training.

He is of the third generation of the Pollard family that has contributed greatly to fire insurance history in Texas.

West Virginia Field Meeting

The annual meeting of the West Virginia Fire Underwriters Association will be held at the William Penn Hotel, Pittsburgh, Jan. 15. H. A. W. Happer of Charleston, America Fore, is president; V. K. Smith of Wheeling, Norwich Union, vice-president, and E. C. Douglas, Parkersburg, North America, chairman executive committee.

Virginia F. & M.'s Ohio Plans

The Virginia Fire & Marine which has been licensed in Ohio for some time but only for reinsurance lines, is beginning direct operations in the state, appointing Henry J. Parks, 1404 Haines avenue, Columbus, as state agent. He has traveled for the Glenn Falls and Norwich Union and has been a resident of Ohio for many years.

San Francisco Pond Lunch

With Jay W. Stevens, California state fire marshal and chief of the fire prevention bureau of the National Board, as principal speaker, the annual Christmas luncheon of San Francisco Blue Goose was held. Chief C. J. Brennan of the fire department, president of the International Association of Fire Chiefs, presided and introduced Chief Stevens, who spoke on "The Christmas Spirit." Arthur Cunningham, musical comedy star and the Blue Goose glee club rendered several selections.

Prepare Special Agents' Slate

SEATTLE, Dec. 24.—E. W. Trenbath, special agent Norwich Union, was named chairman by President A. U. Hoelting of the Western Washington division of the Special Agents Association of the Pacific Northwest, and appointed a nominating committee to prepare a slate for the annual meeting Jan. 24. The committee includes A. V. Holman, America Fore; E. W. Lowe, National Fire, E. W. Porep, North America. They will choose officers for the entire organization including western Washington and Oregon and two additional sub-divisions.

The annual Christmas luncheon of the Heart of America Blue Goose was held at Kansas City, Mo. Unfortunate families were given food and gifts.

Scott Nixon a Benedict

AUGUSTA, GA., Dec. 24.—Scott Nixon of Augusta, former president of the Georgia Association of Insurance Agents, was married today in West Palm Beach, Fla., to Miss Caroline Hill.

Hoffman Boston Board President

BOSTON, Dec. 24.—R. S. Hoffman, of R. S. Hoffman & Co., will succeed H. G. Fairfield of Russell, Fairfield & Ellis, as president of the Boston Board at the annual meeting Jan. 14. Other nominations are: Vice-president, W. C. Hill, Elmer A. Lord & Co.; secre-

tary-treasurer, James Davis; manager, W. H. Winkley; assistant manager, Isaac Osgood. Executive committee, A. J. Anderson, O'Brien Russell & Co.; R. A. Sullivan, Hinkley & Woods; Gerald Henderson, of John C. Paige Co.; R. A. Bunting, of Gilmour, Rothery & Co.; and H. G. Fairfield. The advisory committee will consist of the Fireman's Fund, Pennsylvania Fire, and James H. Carney of Kaler, Carney, Liffler & Co.

Bunting to Washington

John A. Bunting, who has been special agent at Los Angeles for Crum & Forster, is being transferred to Seattle. He was in the Washington field in 1934 prior to going to southern California.

Canadian Officers Retained

The Canadian Underwriters Association has decided to retain its present officers. It has postponed action on the revised constitution.

Harding Heads San Antonio Body

The San Antonio, Tex., Insurance Exchange, has elected the following officers: R. B. Harding, president; C. F. Dieter, vice-president; Billy Greaves and W. Leon Dennis, directors for 1936 and 1937; Marvin Watson and Albert Breyer, holdover directors, for 1936; and F. P. Ludolph, secretary.

Dionne Films Insured

According to reports from Hollywood, films of the Dionne quintuplets which are now being taken to Canada have been insured for \$2,000,000, against earthquake, fire, theft, hurricane, scratches and all other insurable hazards.

CHICAGO NEWS

(CONTINUED FROM PAGE 8)

for occupancy about April 1. For a number of years the western department has had its headquarters in the First National Bank building.

The western marine department of the Fireman's Fund and the Fireman's Fund Indemnity have been located all along in the Insurance Exchange. It is planned under the new arrangement to bring all departments closely together on the same floor, although each will maintain its separate identity and management. The plan of consolidation of the various departments follows a similar arrangement adopted by the group in New York when all the departments were brought together at 116 John street. The Fireman's Fund group has made rapid progress in the west. The decision of the Fireman's Fund management to locate in the Insurance Exchange will attract attention and because of the modern system of air conditioning and sound proofing, its offices will undoubtedly become a model for others in that building.

Office employees and officials of Childs & Wood, Chicago, held their annual Christmas party.

The nominating committee of the Chicago Board is composed of H. L. Bushwell, J. S. Goodwin, W. M. Murray, A. F. Powrie and E. C. Sweetland.

WANTED

Cook County Special Agent required by first class company. Man preferably 30-45 with good fire underwriting knowledge and acquaintance with agents and brokers. Applications treated confidentially. Reply with full details, Box C68, National Underwriter, 123 William St., New York.



To make
the most of Improved Business
Conditions the
aggressive agent
needs a strong,
progressive and
well known
company.

**PACIFIC
NATIONAL
FIRE INSURANCE
COMPANY**

HOME OFFICE • SAN FRANCISCO

EASTERN DEPARTMENT
808 INDEPENDENCE BLDG.
PHILADELPHIA, PA.

EDITORIAL COMMENT

A Glimpse of the Reinsurance Business

INCLUDED with the edition this week is the annual Reinsurance Number of THE NATIONAL UNDERWRITER. We believe it is worth reading. Reinsurance, perhaps, is a stuffy subject, and reinsurance men sigh when it is proposed that their business be made the subject of editorial treatment. Not that they object to having their affairs scrutinized, but they say they are unable to comprehend what could be written about reinsurance that would be interesting to anyone. They are not romanticizers so far as their own business is concerned, although they have a strong attachment for it.

Nevertheless, we are convinced that those in the direct writing business may profitably contemplate the reinsurance picture and seek to gain an understanding of some of its principles, problems, technique and services. Reinsurance is a vital factor in the business, but there is a tendency to assign it to a niche apart. Some in the direct writing field even regard the necessity of reinsurance with resentment. Reinsurance people themselves, in their desire not to offend or be presumptuous, tend to draw apart from the insurance scene.

Much could be gained if the fence between direct writing and reinsurance were removed and a greater spirit of partnership cultivated. The relationship of individuals in the direct writing and reinsurance ranks leaves nothing to be desired, but institutionally there seems to be a veil between.

A reinsurance company is more than a facility, or it should be and must be if it is to flourish. It consists of men who have the opportunity to gain a perspective of the business that those in the direct writing field do not have.

Danger in Relying on Others

IT IS often a question with a local agent just how far he should employ special company service in dealing with his customers. All companies now have experts in various lines who are perfectly willing to assist agents and undoubtedly at that they accomplish much. The question in the mind of agents in the employment of these experts is in their coming in direct contact with assured.

If an agent is not prepared himself to handle the insurance, answer questions and render service, then it is more or less of a reflection on him. The special agent or any expert, in our opinion, should spend his time particularly in enlightening and educating the agent and preparing him to be a service-giving representative. This is in no way reflecting on the desire of the companies to put at the command of agents valu-

Those men might be more extensively utilized as counsellors and guides in underwriting undertakings. They have much to offer if it should be made to appear to them that their advice and counsel would be welcomed.

There is much superior talent in the ranks of reinsurance executives. Just to mention a few: STURHAHN, CARVALHO, LANGLER and RICH of the ROSSIA; RODNEY DAVIS of the PILOT; CURRAY and BLAINE, of the INTER-OCEAN; HEINZE of FESTER, FOTHERGILL & HARTUNG; FEER of the AMERICAN EQUITABLE; BALLARD and KORTENBEUTEL of the INTERNATIONAL and SKANDINAVIA; NOTTINGHAM of the PRUDENTIAL; WHITE of the NORTH STAR; ROBERTSON and NEWMAN of the GENERAL OF FRANCE; WENNSTROM of the CHRISTIANIA GENERAL and SVEA; FORT, WEST and DONALDSON of the EAGLE OF NEW JERSEY and BALITCA.

Then in the casualty end, no one will quarrel if the list is headed by the great team of HAFF and GRAY in the EUROPEAN GENERAL. The GENERAL REINSURANCE has a potent battery including BOLES, GREENE, EVANS, PRITCHARD, THOMPSON and KOTTGEN. There is MALLEY of the AMERICAN REINSURANCE; TURNER of the FIRST REINSURANCE; GIBBS, FROST and MENEGAY of the EXCESS; GIBSON of the EXCESS UNDERWRITERS; TRIMBLE, FLAGG, IZARD and PROPER of the EMPLOYERS REINSURANCE.

These are just a few of the men who are the reinsurance companies and the reinsurance business of the country. Their ideas and services are worth having in the business.

able advisors but there is danger in customers realizing the greater knowledge and efficiency of the special men and therefore questioning the capacity of the agent.

Just recently a case was brought to our attention where an agent lost a \$3,000,000 fire insurance line because, instead of mastering the business himself, dealing with the assured in a highly intelligent way, he relied on special agents to answer questions, present arguments, get up the plan with the assured at hand and provide the service. When a competing agent got the ear of the insurance buyer and demonstrated that he was able to handle his insurance himself without special aid and showed the policyholder that it was to his great advantage to have someone right in his community, whom he could call at any

time and who was capable of giving him the very best advice and service, he got the business. The competing agent got the fire insurance without actually making a solicitation for him.

That company serves an agent most capably which is ready to give him the very best help when called upon but which encourages the agent to develop his own knowledge and resources. The most successful agents do make use of company specialty men, but they get the information from them and then they, themselves, pass it on to the customer. These agents jealously guard their rela-

tions with customers and hesitate at all times to allow any impression to prevail that they, themselves, are not capable of taking care of the customer.

The agent who must wait three or four days or weeks for a company man to arrive on the scene is often at the mercy of the well informed agent who can handle the situation at once. The company man who tells an agent that the company will supply everything needed in the way of help and service and does not encourage his agent to develop himself is doing a disservice to its representative.

Getting the Insurance Angle

IT IS fortunate that the AMERICAN ASSOCIATION OF UNIVERSITY TEACHERS OF INSURANCE, which has now assumed rather handsome proportions, in addition to discussing really professional questions and some of the more practical work that is being done, is getting the viewpoint of people in the insurance business who are discerning and are able to give some excellent suggestions. For instance, in presenting the three grand divisions of insurance at the annual meeting in New York this week, C. G. TAYLOR, JR., vice-

president METROPOLITAN LIFE, will speak for life insurance; WILLIAM LESLIE, associate general manager NATIONAL BUREAU OF CASUALTY & SURETY UNDERWRITERS and G. F. MICHELBAEHR, vice-president GREAT AMERICAN INDEMNITY for casualty, and LAURENCE E. FALLS, vice-president AMERICAN FIRE of Newark, for fire. These three men are gifted, can talk with authority and have a sympathetic interest in the educational work that is being done in the colleges along insurance lines.

PERSONAL SIDE OF BUSINESS

The Millers National of Chicago in its December "Good News" features **Charles A. Pryce** at Columbus, O., its agent, who celebrated his 71st birthday early in the month. He is the father of Wilson A. Pryce, special agent of the company in Ohio. In referring to Mr. Pryce, the Millers National says:

"Back in his early insurance days Mr. Pryce developed three precepts in his business dealings, which have always governed his insurance career. They are—to be cheerful and keep smiling—to obtain quality rather than quantity in soliciting business—and to co-operate faithfully with his companies and clients. With three such maxims the reason is quite obvious for the success of his business enterprises and the esteem in which he is held by those with whom he comes in contact."

Fred G. Appel and Ross Coffin of the **Gregory & Appel** agency at Indianapolis, recently visited the home office of the Home of New York in New York City. While in the east, Mr. Appel attended a basketball game at Princeton where his son, Jack, is a member of the team. All Hoosier youngsters major in basketball while in high school, and Jack was a star.

Vincent L. Gallagher, western manager of the Pearl Assurance at Chicago, has been greatly disturbed in mind because of the serious illness of two close relatives. His father, the venerable Thomas E. Gallagher, who resides at the Union League Club, Chicago, and who was formerly western manager of the Aetna Fire, is seriously ill at the Good Samaritan Hospital at Cincinnati and is confined to his bed. He went to Cincinnati to visit his daughter, Mrs. W. A. Earls, wife of the well known local agent, and it was found necessary

to remove him to the hospital where he is now in a quite serious state. Vincent Gallagher's son, Thomas Newton Gallagher, a pupil in St. Joseph's Academy at La Grange, Ill., was stricken with pneumonia and was taken to Columbus Hospital in Chicago where he is now happily recovering.

Ferdinand W. Roebeling, Jr., who was recently elected president of the Standard Fire of Trenton to take the place left vacant by the death of O. J. Prior, is also president of the John A. Roebeling's Sons Company of Trenton, which is one of the largest wire rope manufacturers in the world.

Members of the Roebeling family were among the founders of the Standard of Trenton. The late Ferdinand W. Roebeling, Sr., and Col. Washington A. Roebeling were among the incorporators of the company in 1868.

The new president first became an officer of the company in 1921 as a director. Colonel Roebeling, who was the vice-president, died in 1926 and F. W. Roebeling, Jr., was elected as his successor the following year. He has served as first vice-president since February, 1927.

O. P. Rush, vice-president Kansas City Fire & Marine, has practically recovered from his pneumonia illness. He is expected back at his office shortly.

Rosse Case, well known local agent at Marion, Kan., will carry out his annual custom of joining friends far and near at 11 o'clock central standard time on Christmas Day, and a toast will be drunk to all named on the list he sends out.

The time is synchronized for different jurisdictions so that the entire company will meet together in the spirit of



THE NATIONAL UNDERWRITER

PUBLISHED EVERY THURSDAY

Published by THE NATIONAL UNDERWRITER CO., Chicago, Cincinnati, New York. PUBLICATION OFFICE, 175 W. Jackson Blvd., CHICAGO. Wabash 2704.

E. J. WOHLGEMUTH, President
LEVERING CARTWRIGHT, Ass't Man. Editor
CINCINNATI OFFICE—420 E. Fourth St., Tel. Parkway 2140. **Louis H. Martin**, Mgr.; **Curtis C. Crocker**, Mgr., Handbook Dept.
HARTFORD OFFICE—Room 502, 18 Asylum St., Telephone 7-1227. **R. E. Richman**, Mgr.
DES MOINES OFFICE—527 Insurance Exchange, Tel. 4417. **R. J. Chapman**, Res. Mgr.

C. M. CARTWRIGHT, Managing Editor
Associate Editors: **F. A. Post**, **C. D. SPENCER**, **D. R. SCHILLING**
NEW YORK OFFICE—1200-123 William St., Tel. Beekman 3-3958. **Editorial Dept.**—**G. A. Watson**, Associate Editor; **R. B. Mitchell**, Assistant Editor. **Business Dept.**—**N. V. Paul**, Vice-Pres.; **W. J. Smyth**, Res. Mgr.
DALLAS OFFICE—1218 Kirby Bldg., Tel. 2-4491. **Fred B. Humphrey**, Res. Mgr.

H. J. BURRIDGE, Vice-Pres.-Gen. Mgr.
Associate Managers: **W. A. SCANLON**, **G. C. ROEDING**, **O. E. SCHWARTZ**
SAN FRANCISCO OFFICE—507-8-9 Flatiron Bldg., Tel. Kearny 3054. **F. W. Bland**, Res. Mgr.; **Miss A. V. Bowyer**, Pacific Coast Editor.
DETROIT OFFICE—1015 Transportation Bldg., Tel. Randolph 3994. **A. J. Edwards**, Res. Mgr.

JOHN F. WOHLGEMUTH, Secretary
PHILADELPHIA OFFICE—1127 Fidelity-Philadelphia Bldg., Tel. Pen. 3706. **Harry C. Mountain**, Res. Mgr.
ATLANTA, GA. OFFICE—204 Atlanta National Bank Bldg., Tel. Walnut 2652. **Walter M. Christensen**, Res. Mgr.

Subscription Price \$4.00 a year; in Canada \$5.00, 20 cents. In Combination with Life Insurance Edition, \$5.50 a year; Canada, \$7.50. Entered as Second-class Matter April 25, 1931, at Post Office at Chicago, Ill., Under Act March 3, 1879.

friendship. Mr. Case inaugurated this custom a few years ago transmitting the list of company officials, local agents and organization people. At his home he invites some of his friends so that the occasion is made a festival of good cheer running clear across the country.

Sir James Hamilton, who recently retired as chairman and managing director of the Yorkshire, died at his home at York, England, at the age of 78.

Frederick D. Sauter, son of Frederick J. Sauter, Cook county manager of the Aetna Fire has returned from Princeton university to spend the holidays with his parents. Mr. Sauter is widely known in the east as a basketball star and an all-round athlete.

Lawrence Daw, secretary and manager Syracuse division of the New York fire insurance rating organization, has been named a member of the committee which will redress the electrical code of Syracuse to bring it up to date.

Insurance Commissioner **John J. Holmes** of Montana, it is found, has some ten other offices. He is also investment commissioner, state fire marshal, state auditor, member of the following boards, Industrial Accident board, Pardon board, State Depository board, State Hail insurance and Administrator State insurance.

H. C. Connick, assistant United States manager of the Royal, was called to Chicago because of the illness of his wife. She is said to be suffering from a nervous condition.

Herbert W. Bloomington, at one time publisher of the old "Investigator," a Chicago insurance paper that was founded by his father, died last week. Interment was at Graceland cemetery in Chicago. The "Investigator" was sold to the "Insurance Field" at Louisville and Mr. Bloomington became associated with that paper. Later on he engaged in the insurance business in Kentucky. He had been living at Berea, Ky. His brother is Attorney John A. Bloomington of Chicago, who represents a number of insurance companies in trial work.

Paul L. Haid is passing the holidays at Palo Alto, Cal., with his brother and son.

Alabama's "insurance mother," **Mrs. John H. Jones**, 89, who had two sons and two son-in-laws prominent in the fire insurance business, died at the home of her daughter, Mrs. J. Frank Stockdell, Birmingham. Her son, Robert C. Reid, is Georgia state agent Liverpool & London & Globe, and another son, Edwin C. Jones, was formerly Alabama state agent Springfield. Her son-in-law, the late J. Frank Stockdell was at one time assistant manager Phenix of Brooklyn southern department in Atlanta and later was with the Fire Companies Adjustment Bureau in Alabama. Another son-in-law, Fred Calkins, Jacksonville, Fla., was many years a general agent.

Miss Isabelle Charters Smith, oldest daughter of Mr. and Mrs. **Sidney O. Smith** of Gainesville, Ga., made her debut in Savannah, Ga., at a dancing party given for her by her uncle and aunt, Dec. 20. Mr. Smith is a member of the executive committee of the National Association of Insurance Agents. Miss Smith is attending the University of Georgia. Her parents attended the coming out party.

Name P. G. Brown

FORT SMITH, ARK., Dec. 24.—P. G. Brown, Booker-Brown agency, has been elected president Fort Smith Insurance Exchange.

H. M. Lawrence, Jr., who has operated an agency at Longview, Texas, under his name for three years, has expanded and taken as a partner **R. M. Rea**, the firm to be operated as **Lawrence & Rea**.

Reelect Officers of the E. U. A. at Annual Meet



R. P. BARBOUR

R. P. Barbour, United States manager of the Northern of London, was reelected president of the Eastern Underwriters Association at the annual meeting last week.

Other officers reelected were: **G. G. Bulkley**, Springfield, and **W. R. McCain**, Aetna Fire, vice-presidents, and **B. M. Culver**, America Fore, treasurer.

COMPANY NEWS

Strengthens Phoenix Subsidiaries

The Phoenix of Hartford has added \$1,600,000 to capital and surplus of two subsidiaries: the Minneapolis Fire & Marine, and the Central States Fire of Wichita, Kan. Both companies are controlled through the Phoenix Securities Company, and each will now have a surplus of \$1,000,000. The change was accomplished by the transfer of \$800,000 to the Minneapolis, and by increasing the capital of the Central States from \$800,000 to \$1,000,000, while a premium of \$600,000 is being paid in connection with the increase, bringing the surplus to an equal amount.

Piedmont Fires Increase

CHARLOTTE, N. C., Dec. 24.—Directors of the Piedmont Fire of the Aetna Fire group, voted to increase the capital to \$1,000,000. It has stood at \$500,000 since last April. President **W. Ross McCain** said that it was in accordance with the plan of the Aetna Fire organization to provide an adequate capital structure for each of the subsidiary companies.

The new capital consists of 50,000 shares at \$10 par value. These were purchased outright by the Mayflower Securities Co., which is the holding company for the World Fire & Marine, the Century Indemnity and the Piedmont. The Mayflower is entirely owned by the Aetna Fire.

Extra Dividends Declared

The Continental and Fidelity-Phenix have declared semi-annual dividends of 60 cents and special dividends of 25 cents payable Jan. 10 to stockholders of record Dec. 31.

St. Paul Group Dividends

Two of the St. Paul Fire & Marine group this week declared dividends totalling \$230,000. The Mercury declared a dividend of \$180,000 or 18 percent. The Saint Paul-Mercury Indemnity declared a \$50,000 dividend or 5 percent.

Celebrating 70 YEARS of SERVICE

1865

1935

1936

RIGHT NOW is the time to join efforts with **'RELIABLE'**

From present indication 1936 will be a BUILDING YEAR—and where there is building there is an increased demand for fire insurance. Go into this promising year with "Reliable" Fire Insurance Company. We have big plans for 1936 that can include you. Why not write now for further details.

RELIABLE is noted for: PROMPT PAYMENT OF COOPERATION WITH
RELIABILITY EVERY HONEST ITS AGENTS
FINANCIAL STABILITY CLAIM

An Independent
Ohio Company
with a current
surplus to
Policyholders of
\$1,064,871

Wm. F. Kramer
Secretary



Special Agents
FOR OHIO,
Harry J. Favorite
Michael Kraus

FOR INDIANA
C. R. Dobbins

Eagle  **Star**
and
British Dominions
Insurance Company Limited
of London, England

A representative English Company of high character and standing.

Prompt and intelligent service
Modern underwriting methods
A sincere agency viewpoint

Harry G. Casper
United States Manager
Carroll L. De Witt and Bert A. Jochen
Asst. United States Managers
90 John St., New York

Western Service Office
1264 Insurance Exchange, Chicago

FIRE INSURANCE NEWS BY STATES

MIDDLE WESTERN STATES

Minnesota Deviations Listed Substantial Criticism Absent

General and First National of Seattle Have Their Rates Approved by the Department

ST. PAUL, Dec. 24.—Deviations on term policies have been filed effective Jan. 1, 1936, with the Minnesota department by the General and First National of Seattle. The new schedules provide that on all types of property eligible to term coverage the companies will issue only one year policies at regular rates with the right of annual renewal by endorsement for succeeding four years at 75 percent of the annual rate. Private dwellings and household goods are not included in this plan.

The deviations have been approved by the Minnesota department and the companies have withdrawn their notices of appeal from the recent order of Commissioner Yetka on short rate term policies.

Minneapolis Grain Loss Is Now Estimated at \$200,000

Loss as a result of the recent fire in the Marquette grain elevator in Minneapolis, which is owned by Louis Dreyfus & Co., is now estimated at about \$200,000. The fire originated in the bin floor in the frame workhouse, supposedly as the result of a burned out bearing. In addition to the workhouse, the tanks were damaged to some extent and the bridges to the tanks, both upper and lower levels, were destroyed. Of the 2,500,000 bushels of grain stored in the plant, about 250,000 were involved in the fire.

The total estimated loss of \$200,000 covers use and occupancy, charges and contingent liability, as well as the regular insurance.

The line was written by the Charles W. Sexton Company agency of Minneapolis. The Western Adjustment and Underwriters Adjusting are co-adjusters. The insurance was carried in the Underwriters Grain Association.

Milwaukee Losses Down

MILWAUKEE, Dec. 24.—Fire losses in Milwaukee for 1935 will show a decrease of about 10 percent from 1934, based on the first 11 months. Up to Dec. 1, losses totaled \$554,054, compared with \$617,886 the corresponding period in 1934. The largest loss was St. John's cathedral last January, \$151,072. The number of fires shows a 17 percent drop, with 2,649 against 3,200. The fire prevention bureau of the fire department made 434,224 building inspections and found 7,035 defects, the most common being accumulation of oily rags and rubbish in basements.

H. S. Bale with Shreeve Agency

Henry S. Bale, who has been connected with an automobile financing concern in Joliet, Ill., and has been in charge of its insurance operations, has joined the Shreeve agency of that city as secretary. He is a son of Henry B. Bale, prominent Chicago broker, who was formerly manager in that city for the Standard Accident.

Bray New Springfield President

The Springfield (Ohio) Association of Insurance Agents has elected C. H. Bray, president; F. S. Griffith, vice-president; G. H. McCleary, secretary; M. E. Hallinan, treasurer, and J. O. Elliott, trustee.

Superintendent O'Malley Compliments Companies for Going Ahead and Filing New Rate Schedules

KANSAS CITY, Dec. 24.—Speaking before a meeting of the Uptown Business & Improvement Association Superintendent O'Malley asserted that in spite of the adverse criticism of the fire rate case settlement "up to this hour we have not had one objection from anyone who had a dignified amount involved."

"I know of no substantial policyholder who has filed an intervention in federal court. The settlement is satisfactory to those who have money involved."

Mr. O'Malley complimented the insurance companies for going ahead and filing new rate schedules, in spite of the fact the compromise plan was not approved at once. In so doing companies did away with the chaos that has prevailed.

He pointed out that the master appointed by the federal court and the referee appointed by the state court both found for the companies; that a court rarely overrules its own investigating agents, and that these factors were taken into consideration in the settlement of the litigation to which the companies and Mr. O'Malley agreed.

Explains Finance Plan

Howard Perin, manager of the Cincinnati Morris Plan Bank explained his firm's recently installed automobile financing plan, under which all insurance on the cars is placed with regular local agents specified by the car buyers, at the Cincinnati Fire Underwriters Association's meeting.

The nominating committee has selected three men to fill the positions that will become vacant on the executive committee. They are C. A. Meyers, Fred Rauh and Theodore Safford. Holdovers on the committee are Walter Alexander and Walter P. Dolle.

Many New Wisconsin Boards

Since early this summer when the close working agreement between field men and local agents went into effect 23 county associations of agents have been organized in the state. The program of cooperation is integrated with a

Nebraska Farmers Get 30 Percent from Fund

LINCOLN, NEB., Dec. 24.—For losses totaling nearly \$95,000, farmers who purchased 723 policies from the state hail insurance bureau are now being paid less than 30 percent, representing the total amount available. Checks for \$26,500 are now being mailed, and this leaves the fund with but \$1,000 for operating expenses for the next year. Nearly \$21,000 of the total sum was for losses in Adams and Clay counties, in south central Nebraska. Losses were reported from 11 counties ranging from \$29 in Colfax county to \$13,706 in Clay county. Premiums earned were \$20,288, but nearly 25 percent of the farmers defaulted in payment of premium notes, paying in but \$15,712. Several farmers had premiums deducted from losses, and several had losses less than premiums.

public relations movement in behalf of stock fire insurance.

The first organizations were in Rock and Dodge counties. They were launched with the idea of impressing upon the municipal and county governments the value of stock fire insurance service and to promote the interests of the business in other ways.

The Wisconsin Association of Insurance Agents and Wisconsin Fire Underwriters Association proceeded from that point to sponsor the organization of similar boards elsewhere, with remarkable success.

MANITOWOC BOARD ELECTS

MANITOWOC, WIS., Dec. 24.—Eugene Kadow was elected president Manitowoc Insurance Board, succeeding Charles Hejda. Ben Froak was elected vice-president and Frank Vraney was reelected secretary-treasurer.

ORGANIZE LOCAL BOARD

WAUKESHA, WIS., Dec. 24.—Fire and casualty agents in this section met to form the Waukesha County Insurance Underwriters Association under sponsorship of the Wisconsin Association of Insurance Agents and the Wis-

consin Fire Underwriters Association. Officers named were George Haverstick, Waukesha, president; John Finney, Oconomowoc, vice-president; E. W. Hardy, Waukesha, secretary and treasurer. Additional directors are E. L. Walrabenstein, William Freehoff, Waukesha; A. H. Johnson and M. F. Schwalbach, Menomonee Falls.

Corn Insurance Heavy

DES MOINES, IA., Dec. 24.—Contrary to expectations, insurance companies in Iowa are receiving a heavy business from insurance on 1935 crop corn sealed under federal corn loan regulations. Because of the general belief that the 1935 crop was inferior in quality to previous crops, it was first thought that insurance business resulting from the corn loan act would be light this year.

Midwest Notes

James Brewer, 23, Des Moines, has been appointed insurance manager of the Merle, O'Milligan real estate firm, Des Moines.

A water distribution system which will provide fire protection facilities would be built at a cost of \$300,000 under plans of the town of Lake in Milwaukee county, Wis.

IN THE SOUTHERN STATES

Wants Candidates to Pledge

Louisiana Agents Seek to Get gubernatorial Aspirants to Accede to Insurance Demands

President Terrell Woosley of the Louisiana Insurance Society addressed the two candidates for governor seeking to learn their position in regard to the allotment of insurance controlled by the state, advising whether if elected each would allow agents to seek the business on the long established basis existing before the present administration went into power. No reply was received to the telegram that President Woosley dispatched. Hence Manager R. L. McClelland has addressed the members asking that each one write the two requesting that they be given a reply to President Woosley's message.

General Agent Loses Damage Suit Against Lincoln Fire

Action for damages against the Lincoln Fire by a former Texas general agent has terminated successfully, so far as the insurance company is concerned, under a decision of the United States circuit court of appeals for the fifth circuit (Texas). The case was Foster vs. Lincoln Fire.

Foster was general agent for the Chicago F. & M. and when the Lincoln Fire reinsured the Chicago F. & M., it assumed the contract with Foster. There was provision for termination on 60 days notice.

On June 8, 1933, the Lincoln Fire notified Foster that it had determined to cease writing business in Texas. Foster contended that the letter was a breach of his agency contract in that, instead of terminating the contract after 60 days notice, it terminated the contract immediately by instruction immediately to cease writing business and wind the general agency up.

The court held that it can hardly be claimed that it was intended by the contract that after the 60 day notice of intention to terminate had been given, the company and the agency would continue writing business through the 60 days in full swing. The notice period was without doubt intended for winding up affairs.

Texas Officers Had Meeting

Local Agents' Directors Had a Number of Important Questions Come Before Them

The board of directors of the Texas Association of Insurance Agents, which held a meeting at Dallas last Friday, selected Fort Worth as the meeting place for the 1936 convention. The meeting had before it 15 major insurance problems. No announcement was made as to any definite action because more work yet has to be done. Among the subjects considered were:

Financed automobile insurance; contingent commissions; reciprocal insurance organizations and their operation in Texas liquor bonds; the proposed organization of a participating stock company for the writing of bankers' bonds; the obtaining of companies for Texas agents on properties comprising the United States government federal subsistence colonies; the practice of the automobile insurance committees representing the companies of not cooperating with the Texas association on automobile insurance rates and forms.

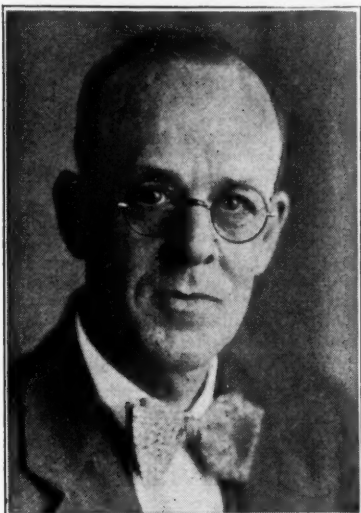
Cruiger T. Smith of Dallas, chairman of the compensation committee, reported to the board on workmen's compensation conditions in Texas. The following agents were present: T. S. Gillis, president, Fort Worth; John K. Boyce, Amarillo; Fred M. Burton, Galveston; John H. Chiles, Jr., Austin; L. W. Goaling, San Antonio; Top P. Ellis, Dallas; A. D. Langham, Houston; Ray P. Lewis, Taylor; C. E. Molloy, Jacksonville; D. G. Foreman, secretary, Fort Worth and Cruiger T. Smith.

Loss Not Covered by Binder

Georgia Court Holds Interim Writing Did Not Constitute a Contract Under State Law

The United States circuit court of appeals for the fifth circuit (Georgia) has decided that a binder is not a valid contract of insurance in Georgia since under the Georgia code such contract must be wholly in writing, must show that the minds of the parties met and agreed upon the essential elements of such a contract, one of those elements

North Carolina Manager Takes Post in Oklahoma



JOHN D. SAINT

John D. Saint, manager of the North Carolina Association of Insurance Agents, is resigning to accept a position of secretary-manager of the Oklahoma Association of Insurers, President E. Woody Clarke has announced. The change is to become effective Jan. 15. The Oklahoma association is to be reorganized on similar lines to those of the associations of Louisiana, North Carolina and Arkansas, although definite details or organization will not be determined until Mr. Saint arrives, Mr. Clarke said.

Mr. Saint was formerly manager of the Louisiana Insurance Society.

The purposes of the reorganization were summed up by the president as clearance of agencies, closer cooperation between local agents and field men and closer cooperation with the insurance department.

A state reorganization meeting is scheduled tentatively for Jan. 15 in Oklahoma City.

It is proposed to divide the state into regions; there will be about seven different districts. These will be again divided into about 42 areas, each controlled by a governing board. A co-operative alignment among agents and field men working with the state insurance board to clear the ranks of the insurance selling end of racketing sellers or chiselers will be the purpose of a new resolve among legitimate insurance agents.

being the duration of the risk insured against and another being the premium to be paid. The case was J. T. Knight & Son vs. Superior Fire.

The Jordan Company, agent of the Superior Fire, executed an instrument which states: "We have bound the following companies to the extent of the amount set opposite them, respectively against loss or damage by fire to your buildings and machinery: . . . Superior Fire Insurance Company . . . \$10,000. You may be assured that this binder will be replaced by regular policy contract as soon as possible."

J. T. Knight & Son alleged that the Jordan Company advised that the rate of premium would have to be promulgated by the Georgia Rating Bureau and this would take from 60 to 90 days. The Knight Company asserted that it was then agreed that promptly after promulgation of the rate the total premium would be immediately paid. The fire occurred, according to the petition, while the binder was in full force and before the rate had been fixed.

To Recommend Legislation

RICHMOND, VA., Dec. 24.—The special legislative committee which has been engaged for the past year or more

in considering proposed changes in Virginia insurance laws is expected to make a number of important recommendations to the general assembly when it meets in January. Among the proposals which the committee has been considering are:

Broadening the regulatory authority of the state corporation commission; changing the administrative set-up in insurance regulation; laying down qualification standards for agents; providing standard provisions for life policies; regulation of unlicensed foreign companies soliciting by mail; regulation of burial societies and title companies.

Argue Kentucky Rate Case

The controversy over the issuance of the General of Seattle of five-year term policies for four annual premiums, collectible in annual installments, has been argued before the court of appeals of Kentucky. Commissioner Reed issued a ruling forbidding the sale of such contract and the General took the matter to court. It was argued in behalf of Commissioner Reed, that if the installment payment plan were permitted, the entire fire insurance rate structure in the state would be changed.

Rogers, Ark., Agents Elect

H. H. Miller has been elected president of the Rogers, Ark., Insurance Exchange just organized. H. T. Penn was chosen vice-president and R. L. Brewer, secretary and treasurer.

New Greensboro Officials

W. S. Mitchell has been elected president of the Greensboro, N. C., Exchange. M. Robbins is vice-president, C. C. Wimbish, secretary; C. J. Blake, ex-official member of the board, and T. G. Redden, director.

M. A. Norris and Ella May Norris have purchased the J. J. Smith local agency at Hubbard, Texas.

News of Pacific Coast States

Changes in Aetna Affiliates

F. J. Zinns, Agency Superintendent
Western Department, Named Manager of Oakland, Cal., Office

Frank J. Zinns, for more than six years agency superintendent for the Aetna affiliated companies, western department, has been appointed manager of the Oakland, Cal., office, according to C. A. Benner, manager of the western department. H. T. Hardy was appointed to the fire department, with direct connection with the Automobile of Hartford and Standard Fire. G. A. Cole, who has been in charge of the Oakland office, joins the western department agency department, and will continue to serve in the east bay district and throughout northern California.


Mr. Zinns has been with the Aetna affiliated group for 20 years. He was cashier in San Francisco and Los Angeles and agency superintendent in both territories. Mr. Hardy entered insurance in San Francisco with the Commercial Union in 1925, later joining the

Pearce, Porter & Martin Celebrating Anniversary

Pearce, Porter & Martin of Tulsa, Okla., have moved their offices to the ground floor of the National Bank of Tulsa building from the ninth floor. They are occupying quarters formerly used by the trust company of the bank. In this way the firm is celebrating its silver anniversary. Pearce, Porter & Martin is one of the most important and largest insurance agencies in the southwest. The new quarters are attractive and more accessible than the old.

SOUND - SOLID

ORGANIZED
1869



OLD MAN OF THE MOUNTAIN

SUCCESSFUL

CASH CAPITAL
\$3,000,000.00

NEW HAMPSHIRE FIRE INSURANCE CO.

Manchester, N.H.

ASSETS... \$15,606,912.87

LIABILITIES EXCEPT CAPITAL
\$ 5,347,824.65

POLICY-HOLDERS' SURPLUS
\$10,259,088.22

VALUATIONS ON BASIS APPROVED BY NATIONAL CONVENTION OF INSURANCE COMMISSIONERS
SECURITIES CARRIED AT \$306,972,101 IN THE ABOVE STATEMENT ARE DEPOSITED AS REQUIRED BY LAW

65 YEARS OF ACHIEVEMENT

G U L F INSURANCE COMPANY

Rated A+

Policy Holders' Surplus Over \$2,000,000.00

ATLANTIC INSURANCE COMPANY

Rated A+

Policy Holders' Surplus Over \$400,000.00

Offer Unexcelled Facilities in
**Fire, Tornado, Automobile (including
Liability), and Plate Glass**

Address the Home Office
DALLAS, TEXAS

E. L. Flippen
President

G. G. Sheerin
Vice-President

T. R. Mansfield
V. P. and Sec.

Edward Brown & Sons general agency, from which firm he goes to his new connection.

Tomlinson Goes in Reserve

P. Tomlinson has been placed on the reserve force of the Pacific department of the Aetna Fire group, according to Manager F. H. Mills, who approved the application of Mr. Tomlinson, effective Dec. 31, at which time he will retire from active duty. Mr. Tomlinson has been identified with insurance on the Pacific Coast for many years, first entering the employ of the Aetna Fire group in April, 1918. After being superintendent of the loss department for some years, he was advanced to agency superintendent in 1923.

Scout Troop Host to Boys

Boy Scout Troop 404 of San Francisco, sponsored by Insurance Post of the American Legion, was host to 75 under-privileged boys ages 10-14 years who are wards of the "Big Brother Bureau" of the police department. Mayor

Rossi and Police Chief Quinn were inducted into honorary membership of the troop.

Two Return to Posts

D. A. Barry, assistant manager Pacific Coast department, Pearl Assurance, has returned to his San Francisco headquarters following an agency trip to the Pacific Northwest territory. S. F. Hall, superintendent, automobile department of the Pearl, has returned to his desk following an illness of a month.

Accountants Elect Coy

The sixth annual meeting of the Insurance Accountants Association of San Francisco was held, Oscar Coy of the Hartford group being elected president, succeeding C. E. Engstrom, Crum & Forster.

After the business sessions, members held their annual banquet, which was followed by entertainment. G. W. Philpott, of the National Automobile Underwriters Association, was chairman of the arrangements committee.

taken by American companies. The policies will be written on the navy department form. All that remains is to get the signed agreement from subscribers and to appoint a committee to manage the syndicate.

"Buy American" Jan. 1

Secretary of the Navy Swanson announced that beginning Jan. 1 all ship builders' risk insurance on American naval vessels under construction in private ship yards must be underwritten by American companies exclusively. This insurance protects against loss by fire, sabotage or other damage while vessels are under construction in private yards. No insurance is carried on naval vessels under construction in navy yards.

Ten years ago, according to Secretary Swanson, 90 percent of the builders' risk insurance on American naval vessels under construction was written by foreign companies. Today about 30 percent is carried in foreign companies and 70 percent in domestic.

Jeweler's Block Policy Is Not Liable for the Loss

The Great American has been relieved of liability under a jeweler's block policy by the New York court of appeals where the owner of the jewelry entrusted the articles to another, with whom the assured had had dealings in the past, to be sold and the person to whom the jewels were entrusted, absconded. The case was Abrams vs. whom the assured had had dealings in the past, to be sold and the person to whom the jewels were entrusted, absconded. The case was Abrams vs. Great American.

Rose Friedman induced Abrams by means of false representations and with intent to steal to deliver to her two articles of jewelry valued at \$15,000 for the purpose of effecting a sale by her to one whom she pretended was a prospective customer. She had previously established her credit with Abrams and he relied upon her supposed integrity. After she got the jewelry she absconded with the proceeds to France when she was extradited and upon indictment pleaded guilty.

The court decided that if Abrams entrusted the jewelry to Rose Friedman, the transaction falls within the exception of the policy and the loss arising from the larceny or theft or act of a dishonest character by the person to whom the property was entrusted is not covered.

Decides Property Damaged Is Not One Policy Covers

Reversing the lower court, the West Virginia supreme court of appeals has held for the Standard Fire of Hartford, which denied liability on the ground

that the property damaged was not the property described in the policy. The case was Jones, et al, vs. Standard of Hartford.

San Francisco Club Meets

B. W. Levit, prominent San Francisco attorney, discussed the "personal property form" from a legal point of view, before the Inland Marine Club of San Francisco at the December luncheon meeting. The club, composed of underwriters, special agents and loss men of company and general agency offices in San Francisco, meets at lunch every Thursday.

Babaco Equipped Trucks

A list of Babaco equipped trucks has been prepared by the Babaco Alarm System at the request of inland marine underwriters and copies of this may be obtained by writing to its office at 447 West 19th St., New York City.

Eastern States Activities

Reports on Rochester, N. Y.

National Board Tells About the Main Features in the City's Fire Defense

The National Board in reporting on Rochester, N. Y., finds the gross fire loss for the last five years \$4,196,551. The average loss per fire was \$984 and the average loss per capita \$2.57.

The engineers say that the water supplies are generally adequate and reliable. The Holly system is a valuable additional supply in important districts. The fire department is fairly strong and efficient. The fire alarm system is fairly adequate but improperly operated.

The engineers say that at several places in the congested value district, structural conditions are fire-resistively weak and the streets are narrow. A fire once gaining headway could readily involve a number of blocks. The many sprinkler equipments and buildings of improved construction, combined with several good firebreaks and good fire fighting facilities make sweeping fires improbable. The conflagration hazard for the district as a whole is low. In the minor mercantile and manufacturing districts group fires only are probable, most of the factories being sprinklered.

New Agencies Chartered

The following agencies have been incorporated in New Jersey: The Central Agency, New Brunswick, by Sara Pustelnick, Gabriel Kirzenbaum and Harry Greenberg; Henry Dahmer Agency, New Brunswick, by Henry Dahmer, Virginia Dahmer and N. M. Dahmer; C. G. Wraga Agency, Dunnellen, by C. G. Wraga, A. J. Hamley and Emma Wraga.

MARINE INSURANCE NEWS

Finds Vessel Not Seaworthy

No Liability Because Contractor Who Repaired Yacht Failed to Drain Valve and Connect Hose

The Agricultural has been relieved of liability by the Wisconsin supreme court under a marine policy because the vessel was not seaworthy at the inception of the voyage. Read was the assured. In reconditioning Read's yacht, the boat company launched the boat, but neglected to close the drain valve of the reduction gear and to connect the hose of the water system. Therefore, water flowed into the hull and caused the ship to become partly submerged.

Must Be Seaworthy

The court said it is generally held that in order to recover a vessel must be seaworthy when it is sent to sea. This is an application of the principle that, where a ship sinks because of its unseaworthiness, it has not been damaged by a peril of the sea.

If the "Inchmaree" provision of the policy is to be effective to establish the liability of the Agricultural, it must be because the injury to the vessel resulted from the negligence of "the master, mariners, engineers and pilots" occurring without want of diligence on the part of the assured or his "managers." Here, the supreme court pointed out, the negligence was that of an independent contractor which is not within the description of persons whose negligence is insured against. The "Inchmaree" clause does not, in any

event, affect the requirement that the vessel be seaworthy at the inception of the voyage.

CASE TAKEN UNDER ADVISEMENT

MILWAUKEE, Dec. 24.—Circuit Judge Breidenbach has taken under advisement a motion to reopen the damage suit of Everett Read, Milwaukee, owner of the cabin cruiser "Rendezvous," who had been granted a judgment of \$2,834 against the Agricultural for damages under a marine policy to the cruiser when it sank as it was launched at Manitowoc, Wis., when a drain pipe had been left open by mistake. Recently the Wisconsin supreme court reversed the decision, holding the policy did not cover the launching accident. The Robert Company, agents for the Agricultural had been dismissed as a defendant. Mr. Read now has asked the circuit court to reopen the case to permit a suit against the agency, charging that a representative had assured him that the policy covered any and all marine accidents to the craft and that he had relied on that assurance.

Navy Department Gives O. K.

Approves Plans and List of Subscribing Companies to Exclusively American Builders Risk Syndicate

The navy department has approved the plans and the list of subscribing companies to the \$5,000,000 syndicate to cover the builders' risk in connection with the construction of naval vessels. The entire participation has been

INDIANA INSURANCE COMPANY

A STOCK COMPANY CHARTERED 1851—OPERATING ONLY IN INDIANA

Writing

AUTOMOBILE

All Lines in One Policy

FIRE and WINDSTORM

Combined coverage, equal or unequal amounts, in one policy
Excellent reinsurance facilities

PLATE GLASS

Unexcelled contracts

Phones:
Riley 6452
6453
6454
6455

Third Floor, Consolidated Bldg., Indianapolis

SPECIAL AGENTS

ERNEST NEWHOUSE
HAROLD H. WELLS
EMERSON NEWHOUSE

HOW about an agency contract with a Company that will help an agent when help is needed?

INSURANCE ATTORNEYS

■ The Insurance law firms whose professional cards are shown on this and the succeeding pages have been selected after careful investigation. They have the recommendation and endorsement of The National Underwriter.

ALABAMA

BRADLEY, BALDWIN, ALL & WHITE

21st Floor Comer Building
Birmingham, Alabama

LAW OFFICES OF Coleman, Spain, Stewart & Davies

706 to 719 Massey Building
Insurance Attorney
Birmingham, Alabama

HENRY C. MEADER

First National Bank Bldg.
Montgomery, Ala.

Equipped for Investigations and Adjustments, Settlement of Claims, Trial of all Insurance Cases in State and Federal Courts in Central and Southern Alabama.

ARKANSAS

WARNER & WARNER

Merchants Bank Bldg.
Fort Smith, Arkansas

Representing U. S. F. & G. Co.; Standard Acc. Ins. Co.; American Surety Co.; Continental Casualty Co.
Equipped for investigations, adjustments and settlement of all claims. Trial of all cases in State and Federal courts in western Arkansas.

COCKRILL, ARMISTEAD & RECTOR

Southern Building
Little Rock, Ark.

Representing the Travelers Ins. Co., Employers Group, Boston, Continental Cas. Co., Chicago. Equipped for investigations, adjustments and settlement of all claims. Trial of all cases in State and Federal Courts.

ARIZONA

Sloan, McKesson & Scott

Phoenix, Arizona

Representing Globe Indemnity Co., Royal Ind. Co., Eagle Ind. Co., Hartford Acc. & Ind. Co., Fire Companies' Adjustment Bureau, Inc.
Trial all line of insurance cases State and Federal Courts.

Francis D. Crable

Suite 17, Union Block
Prescott, Arizona

Representing New York Casualty Co., Travelers, and others.
Trial of cases in State and Federal Courts.
Equipped for investigations, adjustments and settlements of all insurance claims.

FREDERIC G. NAVE

512 Valley National Bldg.
Tucson, Arizona

Aetna Group, American Auto., Connecticut Indemnity, Fidelity & Casualty, The Massachusetts Bonding, The Travelers and other leading companies.
General Insurance Practice

CALIFORNIA

EVERTS, EWING, WILD & EVERTS

801 Griffith-McKenzie Bldg.
Fresno, Cal.

Equipped for Investigation, Adjustments, Trials and Settlement of all Claims.

CALIFORNIA (Cont.)

CLOCK, McWHINNEY & CLOCK

Counsel for many Insurance Companies
OFFICES
1612 Citizens Natl. Bank—430 Jergins Trust
Los Angeles Long Beach

Irving E. Read

910—742 S. Hill St.
Los Angeles, California

Specializing in Trial Work. Claims referred to competent adjusters. Member of Chicago Bar from 1912 to 1929.

Preston D. Richards

650 South Spring Street
Los Angeles, California

Former General Counsel Union Automobile Insurance Company.
Trial of all Insurance Cases in State and Federal Courts.

Attorneys—Adjusters WILLETT & WILLETT

628-624 W. M. Garland Bldg.
Los Angeles, California

Equipped for immediate attention to claim adjustments and insurance litigations. Thirty years experience. Members California State Bar.

T. B. SCOTT

Suite 217, Beatty Bldg.
Modesto, Cal.

Insurance Litigation in all lines. Fire, Casualty and Surety.

ERROL C. GILKEY

1203-1207 Central Bank Bldg.
Oakland, California

Equipped for adjustment, investigation and settlement of insurance cases, also trial of cases.

BUTLER, VAN DYKE & HARRIS

604 Capital National Bank Bldg
Sacramento, Calif.

STICKNEY & STICKNEY

1111 First National Bank Building
San Diego, California

Equipped for adjustments, investigations and trial of all cases.

HADSELL, SWEET, INGALLS & LAMB

Financial Center Building
San Francisco, California

Insurance defense—Fire, Life, Casualty and Surety lines.

CALIFORNIA (Cont.)

KEYES & ERSKINE

Herbert W. Erskine William A. White
Morse Erskine J. Benton Tulley
625 Market Street
San Francisco, California
General Counsel Pacific National Fire Ins. Co. Trial of insurance cases in State and Federal courts.

REA, FREE & JACKA

804 Commercial Building
San Jose, California
Representing Fidelity & Cas. of N. Y.
London & Lancashire

Trial of all insurance cases in state and federal courts in this district. Equipped for investigations, adjustments and settlement of all claims.

C. DOUGLAS SMITH

126 West Main Street
Santa Maria, California

Representing Aetna, Maryland, Employers, Fireman's Fund, London & Lancashire and others. Trial of Cases and Claims service in Santa Barbara and San Luis Obispo Counties.

HERBERT C. COBLENTZ

411-412 California Building
Stockton, California

Equipped for immediate action on Insurance investigations, adjustments and settlements, and for handling Insurance litigation.

COLORADO

JANUARY & YEGGE

517 Symes Building
Denver, Colorado

Representing Continental Casualty Co., Western Casualty & Surety Co. Equipped for investigation, adjustments and trial of all insurance cases.

CONNECTICUT

BUTLER, HOWARD & CAMPBELL

75 Pearl St.
Hartford, Conn.

Representing Fireman's Fund of San Francisco United States Guarantee and others.
Equipped to handle investigations and settle claims. Trial of all insurance cases in Federal and State courts.

DIST. OF COLUMBIA

HUGH M. FRAMPTON

327 Southern Building
Washington, D. C.

Manufacturers Casualty Ins. Co.
Trial of Cases

GEORGIA

ALSTON, ALSTON, FOSTER & MOISE

1219 Citizens & Southern Natl. Bank Bldg.
Atlanta, Georgia

Equipped for investigations, adjustments, settlement of claims, trial of all insurance cases State and Federal courts, Western Georgia.

GEORGIA (Cont.)

BRYAN, MIDDLEBROOKS & CARTER

LAW OFFICES

Suite 1030 Candler Building
Shepard Bryan John A. Dunaway
Greer Middlebrooks W. H. Meek
Chauncey Middlebrooks Yantis C. Mitchell
W. Colewith Carter
ATLANTA, GEORGIA

Hitch, Denmark & Lovett

17 Drayton Street
Savannah, Georgia

Representing American Surety Co. of N. Y., New York Cas. Co., Continental Cas. Co., National Surety Corp., and numerous others.
Equipped for investigations, adjustments, settlement of claims, and trial of all insurance cases in State and Federal Courts in Southern District of Georgia.

ILLINOIS

COCKFIELD & PETERSEN

Aurora National Bank Bldg.
Aurora, Ill.

Reference—State Farm, Bloomington, Ill. Preferred Acc't.—Continental Cas. & Others
Equipped for investigations, adjustments and Trial of all Insurance Cases.

Dent, Weichert & Hampton

1111 The Rookery Building
Chicago, Illinois

Special attention to the law relating to all classes of Corporate Surety Bonds

Silber, Isaacs, Clausen & Woley

Attorney & Counselors
208 South La Salle Street
CHICAGO

Special Attention to the Law of
Fire Insurance and Taxation

McMILLEN, McMILLEN & GARMAN

602 Millikin Bank Bldg.
Decatur, Illinois

Representing Ohio Casualty, Metropolitan Casualty, Employers Liability and others.
Equipped for investigations, adjustments and trial of all insurance cases.

ELMER H. BIELFELDT

Will County Bank Bldg.
Joliet, Illinois

Reference—Maryland Casualty
Equipped for Investigations, Adjustments and Trial of all Insurance Cases.

CLARENCE W. HEYL

8th Floor Central National Bank Bldg.
Peoria, Illinois

Trial of Insurance cases; representing MARYLAND, FIDELITY & CASUALTY, ROYAL, GLOBE, EAGLE, BANKERS INDEMNITY AND OTHERS.

INDIANA

WILDERMUTH & FORCE, ATTORNEYS

600 BROADWAY, GARY, IND.

Counsel for: U. S. F. & G. Ind. Ins. Co., Maryland Cas. Co., New Amsterdam Cas. Co., American Mutual Life Ins. Co., Norwich Union Ind. Co., Indianapolis Life, LaFayette Life, Continental Casualty.
Insurance trial work including investigation and adjustment of claims. Northern Indiana.

INSURANCE ATTORNEYS

• The insurance law firm whose professional cards are shown on this and the succeeding pages have been selected after careful investigation. They have the recommendation and endorsement of The National Underwriter.

INDIANA (Cont.)

ROCAP & ROCAP

917-129 E. Market St.
Indianapolis, Ind.

Maryland Casualty Co., Indemnity Insurance
Company of North America, Fireman's Fund
Ind. Co.

Slaymaker, Merrell & Locke

Attorneys specializing in All Phases of
Fire, Marine, Life & Casualty
Insurance Litigation
751-760 Consolidated Building
INDIANAPOLIS

IOWA

Smith & Swift

784-705 Kahl Building
Davenport, Iowa

Equipped for Investigations, Adjustments and
Trial of Cases

Smith & O'Connor

689 Bank & Insurance Bldg.
Dubuque, Iowa

General Counsel Dubuque Fire & Marine Ins. Co.
and National Reserve Insurance Co. Equipped for
investigations and adjustments in Northeast Iowa.

Bryant & Bryant

619-22 Foresters Bldg.
Mason City, Iowa

Representing U. S. F. & G. Company, Loyalty Group
and others. Trial of all insurance cases. Investiga-
tions, adjustments Northern Iowa

Jepson, Struble and Sifford

735 Francis Building
Sioux City, Iowa

Representing Standard Accident, Continental Cas-
ualty & Maryland Casualty.
Equipped for investigations, adjustments, trial of all
insurance cases in all courts in Northwestern Iowa.

KANSAS

Doran, Kline, Colmery, Cosgrove

906 National Bank of Topeka Bldg.
Topeka, Kansas

Equipped for investigation, adjustment, set-
tlement and trial of insurance business of
all kinds in Kansas.

KELLER, MALCOLM & BURNETT

204-208 National Bank Building
Pittsburg, Kansas

Counsel for: Aetna Group, Employers Group, Stand-
ard Accident, Central Surety, United States Fire,
Fireman's Fund and others.

Specializing in Insurance Law. Equipped for Trial
of Cases. Investigations and Adjustments over South-
western Kansas.

BLOOD & PROSSER

402 Schweiler Building
Wichita, Kansas

General Counsel Santa Fe Trail System, Traders
& General, American Fidelity and others. Investi-
gations, adjustment of claims, and trial work South-
ern and Southwestern Kansas.

KENTUCKY

Davis, Boehl, Viser and Marcus

(Blakey, Davis and Lewis)

Kentucky Home Life Building
Louisville, Kentucky

Investigations, Adjustments and Trial
of all Insurance Cases.

Woodward, Hamilton & Hobson

Insurance Attorneys

615-24 Inter-Southern Bldg.
Louisville, Kentucky

LOUISIANA

COBB & JONES

840 Canal Bank Building
New Orleans, La.

General Counsel for Pan-American Petroleum &
Transport Company and Penick & Ford, Inc., in
southern states. Specializing in casualty and surety.
Trial of all cases in State and Federal courts.

MARYLAND

Law Offices

ROBERT H. McCAULEY

203-205 Second National Bank Bldg.
Hagerstown, Maryland

MASSACHUSETTS

THIBODEAU, YONT & MARTIN

Park Square Building, Boston, Mass.

Investigations, adjustments and trial of li-
ability insurance cases in Eastern Massachu-
setts.

PHIPPS, DURGIN & COOK

75 Federal St.
Boston, Mass.

Representing Standard Accident, United
States F. & G., London Guarantee & Acc.
and others.

Investigations—Adjustments.

GURDON W. GORDON

Suite 539, 540, 541 Court Square Bldg.
Springfield, Mass.

GENERAL COUNSEL Monarch Acc. Ins. Co., Mon-
arch Life Ins. Co.

Equipped for Investigations and Adjustments, trial
of Insurance Cases in Federal & State Courts.

WILLIAM C. MELLISH

604-7 Slater Bldg.
Worcester, Mass.

Representing Globe Indemnity Co., New York, and
others.

Investigations and Adjustments, trial of all Insur-
ance cases in Federal and State Courts.

MICHIGAN

BEAUMONT, SMITH & HARRIS

2900 Union Guardian Building
Detroit, Michigan

MICH. (Cont.)

ARTHUR J. ABBOTT

6th Floor Buhl Bldg.
Detroit, Mich.

Specializing in Insurance Law—Trial of all
Cases. State and Federal Courts. Member
California Bar. Practiced Los Angeles 1912-
1920.

SEABORG & RICE

Attorneys and Counselors

827 Penobscot Building
Detroit, Michigan

Randolph 5160

Mason, Alexander, McCaslin & Cholette

1107 Peoples National Bank Bldg.
Grand Rapids, Mich.

Maryland Casualty Co., Continental Cas. Co.,
New Amsterdam Cas. Co., Underwriters Adj.
Co., etc. Trial of Cases and Adjustment of
Claims.

Jackson, Fitzgerald & Dalm

803-5 Hanselman Building
Kalamazoo, Mich.

Zurich, Royal, Eagle, Auto Owners and
others. Investigations and Adjustments for
South Western Michigan.

ALFRED P. PIERSON

506 Bearinger Building
Saginaw, Michigan

MINNESOTA

SEXTON, MORDAUNT, KENNEDY & CARROLL

Adjusters and Investigations sent to any
place in the Northwest

Pioneer Building, Security Bldg.,
St. Paul, Minn. Minneapolis

MISSISSIPPI

WELLS, WELLS AND LIPSCOMB

9th Floor Lamar Life Building
Jackson, Mississippi

Representing Hartford Acc. & Ind. Co., Fireman's
Fund Ind. Co., Continental Cas. Co., Market Ser-
vice, Inc., Loyalty Group and many others on request.
Equipped for investigations, adjustments, and trials
all over state.

WILBOURN—MILLER & WILBOURN

Citizens National Bank Bldg.
Meridian, Mississippi

Equipped for Investigations, adjustments, settlement
of claims, trial of all insurance cases in State and
Federal Courts in Eastern Mississippi.

MISSOURI

STRINGFELLOW & GARVEY

Dannell Court
St. Joseph, Missouri

Counsel for:
Aetna Group; Standard Accident; Zurich; Globe,
Royal and Great Am. Ind. Cos.; Lumbermen's Mut.;
Liberty Mut.; General Accident; Preferred Ad-
justment; Am. Motorists; Farmers Auto. Inter-Ins.
Exch.; Indemnity Ins. Co. of N. A.; T. H. Martin
& Co.; Ohio Casualty Co.; National Casualty Co.;
and more than 50 other companies.

MONTANA

BOLINGER & BOLINGER

Suite 1 & 2 Gallatin Block
Bozeman, Montana

Equipped for investigation, adjustments and
trial of all insurance cases in state and fed-
eral courts in the south-central parts of
Montana.

CORETTE & CORETTE

619-621 Hennessy Building
Butte, Montana

Representing American Surety Co., Fidelity & De-
posit Co. of Md., New York Casualty and others.
Equipped for investigations, adjustments and trial of
insurance cases in all courts in Montana.

HOWARD TOOLE

507 Montana Building
Missoula, Montana

U. S. F. & G., Maryland Casualty Co.,
Fidelity & Casualty Co. of N. Y.
Equipped to handle investigations, adjustments, and
trial of all insurance cases in state and Federal
courts in entire Western Montana including Missoula,
Powell, Granite, Saunders, Mineral, Ravalli and
other counties.

NEBRASKA

Prince & Prince

The Commercial National Bank Building
Grand Island, Nebraska

Representing U. S. F. & G. & Employers.
Trial of cases in State and Federal Courts in Central
Nebraska.
Equipped for investigations and adjustments.

OSCAR B. CLARK

1228 Sharp Building
Lincoln, Nebraska

Associated Indemnities Companies
Equipped for investigations and adjustments of
claims in Nebraska and northern Kansas, trial of
cases in all state and Federal courts.

GEORGE B. DENT, JR.

Tramp Building
North Platte, Nebraska

Representing Associated Indemnity Corp.,
Commercial Standard Ins. Co.
Investigations — Adjustments — Trial Work
Associate: Harold E. Day, Jr.

Rosewater, Mecham, Shackelford & Stoehr

1028-40 City National Bank Building
Omaha, Nebraska

Investigations — Adjustments — Trial work
Nebraska and Western Iowa.

NEVADA

Ayres, Gardiner & Pike

1st National Bank Building
Reno, Nevada

Representing American Surety, Standard Ac-
cident and several other companies.
Equipped to handle adjustments, investi-
gations, settlement of claims all over Nevada.

NEW JERSEY

ANDREW J. WHINERY

744 Broad Street
Newark, New Jersey

WILLIAM L. RAE

1 Exchange Place
Jersey City, N. J.

Representing Exchange Mutual, Indemnity &
Ins. Co.

INSURANCE ATTORNEYS

• The insurance law firms whose professional cards are shown on this and the preceding pages have been selected after careful investigation. They have the recommendation and endorsement of The National Underwriter

NEW MEXICO

RODEY & DICKASON

1st National Bank Building
Albuquerque, New Mexico

State counsel for various life, casualty and fire insurance companies. Trial of cases in all courts of New Mexico, State and Federal. Insurance client references given on request. Adequately equipped for adjustments and investigations.

WILSON & WATSON

Sena Plaza
Santa Fe, New Mexico

American Surety Co. of New York, Maryland Cas. Co., Trial of Cases in all courts of New Mexico, State and Federal.
Members of Firm:
Francis C. Wilson John C. Watson
John T. Watson

NEW YORK

BOND, SCHOENECK & KING

1400 State Tower Building
Syracuse, New York

Counsel for many Insurance Companies
Equipped for Investigations and Adjustments in Syracuse and surrounding territory.

David F. Lee David Levene Daniel J. McAvoy

LEE, LEVENE & McAVOY

TRIAL LAWYERS
310 Security Mutual Bldg.
BINGHAMTON, NEW YORK

Insurance attorneys. Especially equipped to handle investigations, adjustments and litigation over central New York.

ACKERMAN, LEVET & GEILICH

175 Main St.
White Plains, N. Y.

John J. Ackerman William B. Levet
Ralph Geilich

ULYSSES S. THOMAS

719 White Building
Buffalo, New York

Employers' Liability Assurance Corp., Western and Southern Indemnity Co. other casualty, bonding and fire companies

VanDuser, Liebschutz & Curran

425 Genesee Valley Trust Building
Rochester, New York

Representing London & Lancashire, Glens Falls, Firemans Fund, Aetna and many others.
Trial of all Insurance Cases, State and Federal Courts.
Equipped for Investigations and Adjustments in Rochester and Surrounding Territory.

JOHN C. LOOBY

74 Chapel Street
Albany, N. Y.

Bankers Indemnity, Norwich Union, London & Lancashire
Equipped for investigations and adjustments in this territory and trial of cases in Federal and State Courts.

NORTH CAROLINA

SMATHERS, MARTIN & McCOY

Jackson Building
Asheville, North Carolina

Representing Aetna, Travelers, Ind. Ins. Co. of N. A., American Surety Co. and many others.
Equipped for investigations, adjustments and settlement of all claims. Trial of all cases in State and Federal Courts in Western North Carolina.

CHARLES HUNDLEY GOVER

505-511 Law Building
Charlotte, North Carolina

Representing Employers Group, Hartford Acc. & Ind. Co., Standard Acc. Ins. Co. and others.
Trial of all insurance cases in State and Federal Courts. Equipped for investigations and adjustments in western North Carolina.

N. CAROLINA (Cont.)

EDGAR D. BROADHURST

Banner Building
Greensboro, North Carolina

Equipped for adjustments. Trial of insurance cases in State and Federal Courts.

BURGESS, BAKER & ALLEN

The Raleigh Building
Raleigh, North Carolina

Sun Ind. Co., Royal Ind. Co., Globe Ind. Co. and others.
Investigations, adjustments and trial work in Central and Eastern North Carolina.

OHIO

Waters, Address, Wise, Roetzel & Maxon

1110 First Central Tower
Akron, Ohio

Representing Aetna Life Ins. Co., U. S. F. & G. Many others given on request.
Trial of all kinds insurance cases in State and Federal Courts and in surrounding territory.

L. B. McMillen and Oliver C. Martin McMILLEN & MARTIN

309 Brant Bldg.
Canton, Ohio

Equipped for investigations, adjustments and trial of all insurance cases in Federal and State Courts in this territory.

JAMES A. CULBERTSON

914 First National Bank Bldg.
Cincinnati, Ohio

Globe Indemnity Co., Bankers Indemnity Ins. Co., and others.
Equipped for investigations and adjustments. Trial of all insurance cases, State and Federal Courts, Ohio and Kentucky.

McKEEHAN, MERRICK, ARTER & STEWART & GEORGE WM. COTTRELL

2800 Terminal Tower
Cleveland, Ohio

JOHN H. McNEAL

502 Auditorium Bldg., 1367 E. Sixth St.
CLEVELAND

Phone Main 1928
Attorney-at-Law

Facilities for Investigations, Adjustments and Trial work over Northern Ohio

BLANCHARD, TOU VELLE AND NIDA

42 E. Gay St.
Columbus, Ohio

Clients given on request. Equipped for investigations and adjustments. Trial of all insurance cases in State and Federal Courts.

Charles T. Warner

35 East Gay St., Columbus, Ohio
(Former Judge of Common Pleas Court and Superintendent of Insurance of Ohio from 1931 to 1935).
General Insurance Practice in All Courts and Insurance Department
Investigation and Adjustment of Claims
General Insurance Matters

MATTHEWS & MATTHEWS

25 North Main St.
Dayton, Ohio

Ocean Accident, Ohio Farmers, Ohio Farm Bureau, Indemnity Co. Col.

OHIO (Cont.)

CABLE & CABLE

Masonic Building
Lima, Ohio

Representing American Surety, Fidelity & Cas. of N. Y., General Acc. Fire & Life, Phila.
Trial of all insurance cases in Federal and State Courts. Equipped for investigations.

HOLLOWAY, PEPPERS & ROMANOFF

821 Board of Trade Building
Toledo, Ohio

United States Fidelity & Guaranty Co. and others.
Trial of Cases. Surety and Casualty, complete investigation and adjustment service. Insurance trial work in all courts.

TROUTMAN & TAGGART

112 West Liberty Street
Wooster, Ohio

Representing The Ohio Farmers Ins. Co., and others. Equipped for investigations, adjustments and trial of all insurance cases in state and federal courts in this district.

Barnum, Hammond, Stephens & Hoyt

807-812 Mahoning Bank Building
Youngstown, Ohio

Adjustment Department
W. Carlton Young in Charge
Auto—Fire—Theft—Collision—Liability
Property Damage—Marine—Burglary

OKLAHOMA

Abernathy & Howell

LAW OFFICES
First National Bank Bldg.
Oklahoma City, Okla.

Representing Royal Ind. Co., Eagle Ind. Co., Great American Ind., and others. Equipped for investigations, adjustments, trial all insurance cases.

Embry, Johnson, Crowe & Tolbert

First National Building
Oklahoma City, Oklahoma

Equipped for investigation, adjustments, trial of all insurance cases in the State of Oklahoma.

V. E. McINNIS & JAMES H. ROSS

Ramsey Tower
Oklahoma City, Okla.

Representing Aetna Cas. & Sur. Co., Aetna Life, Prudential Ins. Co. of Amer., Car & General, American Auto Ins. Co., Maryland Cas., and others.
Equipped for Investigations, Adjustments and Trial All Insurance Cases.

GEORGE M. NICHOLSON

Perrine Building
Oklahoma City, Oklahoma

Formerly Chief Justice of Supreme Court of Oklahoma.
Trial of all insurance cases in State and Federal Courts.

Pierce, McClelland, Kneeland & Bailey

829-838 Hightower Building
Oklahoma City, Oklahoma

THURMAN, BOWMAN & THURMAN

504-508 Braniff Building
Oklahoma City, Oklahoma

Representing F. & C., New York; F. & D., Baltimore; Mass. Bonding and many others given on request. Equipped for investigation, adjustments, settlement of all insurance claims. Trial of all insurance cases.

OKLAHOMA (Cont.)

JOHN L. ARRINGTON

407-12 Triangle Building
Pawhuska, Oklahoma

Representing Hardware Mutual Cas. Co., Stevens Point, Wis., and others.
Trial of all insurance cases in State and Federal courts.

Allen, Underwood & Canterbury

Fifth Floor Oklahoma Building
Tulsa, Oklahoma

Representing
M. C. Allen Home Indemnity Co., Employers
L. J. Underwood Liability Assurance Corp.
Sam B. Canterbury Equipped to handle trials of
Paul Pinson insurance cases in Eastern
O. L. Luperus Oklahoma.

GIBSON, MAXEY & HOLLEMAN

325 Exchange National Bank Bldg.
TULSA, OKLAHOMA

Equipped to handle claims, adjustments and trial of all insurance cases.

HUDSON & HUDSON

707 Ritz Bldg.

Tulsa, Okla.

WILLIAMS & FRENCH

909 Philtower Building
Tulsa, Oklahoma

Representing Hartford Accident & Ind. Co., American Surety Co., Sun Indemnity Co. of New York and others.

OREGON

Collier, Collier & Bernard

Suite 1220 Spalding Building

Henry E. Collier John A. Collier
E. F. Bernard
Portland, Oregon

E. L. McDougal

1437 American Bank Bldg.

Portland, Oregon

Equipped for Adjustments, Investigations and Settlement of Claims

MAGUIRE, SHIELDS & MORRISON

1113 Public Service Building
Portland, Oregon

Representing Maryland Cas. Co., Employers Aetna, Corp., Yorkshire Ind. Co., Sun Ind. Co., American Auto Ins. Co., Associated Ind. Co., United Pacific Cas. Co., Canadian Ind. Co., Canadian Fire Ins. Co., Great Lakes Cas. Co., and others.

PENNSYLVANIA

ENGLISH, QUINN, LEEM-HUIS & TAYNTOR

Erie Trust Bldg.
Erie, Pa.

Representing Maryland Casualty, Preferred Accident and others furnished on request. Equipped for investigations, adjustments, trial insurance cases in Federal and State Courts.

(Continued next page)

INSURANCE ATTORNEYS

PENN. (Cont.)

HENRY S. AMBLER, JR.
1025 Philadelphia Savings Fund Building
Philadelphia, Pa.

Representing Glens Falls Ind., Continental Casualty, Century Indemnity.
Equipped for investigations, adjustments and trial of all cases in Southeastern Pa.

GEORGE Y. MEYER

1513 Berger Building
Pittsburgh, Pa.

Representing Employers Group, Loyalty Group and many others given on request.
Equipped for investigations, adjustments in Northwestern Pennsylvania.

LEO. A. NUNNINK

1513 Berger Building
PITTSBURGH, PA.
Phone Court 2245

Attorney-at-Law

Facilities for investigations, adjustments and Trial Work over Western Pennsylvania. Clients given on request.

RHODE ISLAND

SHERWOOD & CLIFFORD

1503 Turks Head Building
Providence, R. I.

Trials—Investigations—Adjustments

SOUTH CAROLINA

THOMAS-LUMPKIN & CAIN

1000-7 Central Union Building
Columbia, South Carolina

Specializing in Fire, Casualty, Surety and Life.
Trial of all cases.
Equipped for investigations and adjustments all over South Carolina.

SOUTH DAKOTA

BAILEY & VOORHEES

Charles O. Bailey (1860-1928)
John H. Voorhees Melvin T. Woods, Jr.
Theodore M. Bailey Roswell Bottom
Howell L. Fuller

BAILEY-GLIDDEN BUILDING
SIOUX FALLS
INSURANCE PRACTICE

TENNESSEE

JENNINGS & O'NEIL

505-8 Bankers Trust Bldg.
Knoxville, Tenn.

The Employers Liability Assur. Corp., Ltd., of Boston, Mass.; American Employers Ins. Co.; Massachusetts Bonding Co.
Trial of all cases in State and Federal courts.

PLEASANTS & HICKOX

1715 Exchange Building
Memphis, Tennessee

Several years engaged in trial of all Insurance Cases in State and Federal Courts. Equipped for investigation, adjustments and Settlement of all Insurance claims in Western Tennessee, Northern Mississippi and Eastern Arkansas.

AUST, McGUGIN & SPEARS

American Trust Bldg.
Nashville, Tenn.

Representing Fireman's Fund, Lumbermans, American Motorists, and many others.
Equipped for investigations, adjustments, trial of all Insurance cases in State and Federal courts in Central Tennessee.

TEXAS

**WAGSTAFF, HARWELL
WAGSTAFF & DOUTHIT**

Attorneys at Law
Abilene, Texas

Equipped to handle adjustments, investigations, settlement of claims and trial of all insurance cases.

WILL R. SAUNDERS

1013 Oliver Eakle Building
Amarillo, Texas

Representing Associated Ind. Corp.; Traders & General Ins. Co.; American Fidelity & Cas. Co. of New York. Equipped to handle claims, adjustments, and investigations Panhandle territory. Practice in all State and Federal Courts.

**HART, PATTERSON AND
HART**

624-630 Littlefield Building
Austin, Texas

Representing F. & D., Baltimore, Zurich Ins. Co., Home Ins. Co. of N. Y., American National Ins. Co., and others on request.
Equipped for adjustments in Central Texas and trial work in all courts—State and Federal.

KING & RIENSTRA

208 Gilberts Building
Beaumont, Texas

Representing Employers Group, Boston, others on request.
Trial of all insurance cases State and Federal Courts Eastern District of Texas.
Equipped for investigations.

**Touchstone, Wight,
Gormley & Price**

1108 Magnolia Bldg.
Dallas, Texas

Cantey, Hanger & McMahon

15th Floor Sinclair Building
FORT WORTH, TEXAS

Samuel B. Cantey Samuel B. Cantey Jr.
(1883-1934) Alfred McKnight
William A. Hanger Gillis A. Johnson
Mark McMahon B. K. Hanger
W. D. Smith
Investigations, Adjustments, Trial All Cases

**Armstrong, Cranford, Barker
& Bedford**

ATTORNEYS AT LAW
American National Insurance Bldg.
Galveston, Texas

Equipped for investigations, adjustments, settlements of claims, trial all insurance cases.

**Boyles, Scott, Tobey &
Atkinson**

First National Bank Bldg.
Houston, Texas

**Fulbright, Crooker &
Freeman**

State National Bank Bldg.
Houston, Texas

SIMMONS & ARNOLD

824-29 First National Bank Building
Houston, Texas

New Amsterdam Cas. Co., Allemannia Fire of Pittsburgh, Cravens-Dargan, American Central Fire, St. Paul Fire & Marine.

TEXAS (Cont.)

**BLEDSON, CRENSHAW &
DUPREE**

First National Bank Building
Lubbock, Texas

Representing U. S. F. & G. P. & D., Maryland Casualty, American National Ins. Co., Amicable Life Ins. Co., and many others.
Trial of all insurance cases in all courts. Equipped for investigations—Adjustments—Settlement of claims in plains Country.

Ball, Seeligson & Trueheart
National Bank of Commerce Bldg.
San Antonio, Texas

Representing U. S. F. & G., Maryland Casualty and others. General Insurance Litigation Defense only.

**BIRKHEAD, BECKMANN,
STANARD & VANCE**

800-811 Gunter Building

San Antonio, Texas

UTAH

Stewart, Stewart & Carter

1105 Continental Bank Building
Salt Lake City, Utah

Equipped for investigations, adjustments, settlements of claims and trial of all insurance cases State of Utah.

WASHINGTON

F. A. KERN

Washington National Bank Bldg.
Ellensburg, Washington

U. S. F. & G. Co., Sun Life Assurance Co.

**BATTLE, HULBERT, HEL-
SELL & BETTENS**

1001 Exchange Bldg.
Seattle, Wash.

Representing Standard Accident Ins. Co. and others. Trial of all Insurance Cases and others in State and Federal Courts.

BAYLEY & CROSON

900-907 Insurance Bldg.
Seattle, Wash.

Frank S. Bayley Burton J. Wheelon
Carl E. Croson E. Bartow Fite, Jr.
O. H. Johnson George W. Martin

BOGLE, BOGLE & GATES

6th Floor Central Building
Seattle, Washington

Fireman Fund Insurance Co.
Oregon Mutual Life
Occidental Life Ins. Co. Lincoln National Life
Franklin Fire Ins. Co. Occidental Ind. Co.
Home Ins. Co. (Marine Dept.)

**PALMER, ASKREN &
BRETHORST**

1710 Hoge Building
Seattle, Washington

Representing Employers Liability Assurance Corporation and others.

WASHINGTON (Cont.)

ROBERTS, SKEEL AND HOLMAN
Insurance Building

John W. Roberts W. B. McKelvy
E. L. Skeel Wm. Paul Uhlmann
Tom W. Holman Harry Henke, Jr.
Frank Hunter W. E. Evenson
Tyre H. Hollander Robert H. Grass
Laurence Booth, Jr. SEATTLE

RYAN, ASKREN & RYAN

Suite 1903, Northern Life Tower
Seattle, Wash.

Counsel for Association of Life Insurance Presidents—Commercial Casualty, Metropolitan, London Guarantee & Accident and others.
Trial all insurance cases in State and Federal Courts in Western Washington.

**POST, RUSSELL, DAVIS &
PAINE**

Exchange Building
Spokane, Washington

Aetna Group, Hardware Mut. Cas. Co., Phoenix Ind. Co. and others.
Investigations, adjustments and trial of all insurance cases in Eastern Washington and Northern Idaho.

WISCONSIN

Young, Everson & Ryan

230 E. Walnut Street
Green Bay, Wisconsin

Fidelity & Casualty Co. of N. Y., Massachusetts Bonding Indemnity Co., and others. Trial of all casualty, fidelity and fire insurance matters. Specially equipped for investigations and adjustments.

CHESTER D. RICHARDSON

Dale Building
Kenosha, Wisconsin

Loyalty Group, Century Indemnity Co., and others. Equipped for investigation, adjustments, trial of all Insurance Cases.

WOLFE & HART

First Wisconsin Nat. Bank Bldg.
Milwaukee, Wisconsin

Special attention to the Law of Fire Insurance

**Bouck, Hilton, Kluwin &
Dempsey**

First National Bank Bldg.
Oshkosh, Wisconsin

Fidelity & Cas. Co., Continental Cas. Co., Employers of London. Equipped for investigations, adjustments, trial of all fire, casualty, and surety cases in district.

HERMAN C. RUNGE

712-16 N. 8th Street
Sheboygan, Wisconsin

Massachusetts Bonding & Ins. Co. and others
—Equipped to handle adjustments—and trial work.

WYOMING

WM. B. COBB

Consolidated-Royalty Building
Casper, Wyoming

Representing U. S. F. & G., Travelers, Loyalty Group, Glens Falls and others.
Equipped for investigations, adjustments and trial of all insurance cases.

TAKE BOTH

Local agents who write Life Insurance should read
The National Underwriter Life Insurance Edition (\$3 a year) as well as the Fire, Automobile and Casualty Section. Both on one subscription, \$5.50 a year.
SEND ORDER NOW TO A-1946 INSURANCE EXCHANGE, CHICAGO.

Send 9 cents in stamps for sample copy of
THE ACCIDENT & HEALTH REVIEW

The only exclusive accident and health paper published.
It gives ideas and suggestions that help you sell income protection insurance.
Address your inquiry to A-1946, Insurance Exchange, Chicago

FACULTATIVE REINSURANCE EXPLAINED

(CONTINUED FROM PAGE 10)

and the fortunes of the reinsurance follow the fortunes of that policy.

Space does not permit a detailed explanation of the various methods of reinsuring mentioned herein, to say nothing of a discussion of their relative advantages and disadvantages under varying circumstances. But it must be apparent to anyone who may have had the patience to read this far, that there are conditions under which the direct writing company or office finds facultative reinsurance the most useful and advantageous method for spreading its liability and leveling off its peaks.

We all know that the "swapping" of reinsurance between companies and general agencies is nothing new. That is facultative reinsurance of a sort, all right, but I wonder if the friction which inevitably seems to be engendered between them from such transactions, for one reason or another, makes it worth their while. On the other hand, when they place those reinsurances with strictly reinsurance companies, knowing that they cannot receive any compensating premium income in return, they properly demand and receive the commission which each risk warrants. They also know that (a), a risk so placed with a reinsurance company will not be canceled because, as in the case of a direct writing company, an agent sends in a line on it and (b), (and this applies especially to reinsurance placed by general agencies) that lines so placed are secure from attack by their competitors.

Don't Have to Go to Competitors for Relief

As I have already intimated, a distasteful in this article as to why I believe that facultative reinsurance serves a present purpose and will find its usefulness to direct writing companies and agencies expand as time passes, would be out of place. But please try to bear always in mind that whenever, for any reason, a treaty or excess of loss cover is not or does not seem to you to be adequate for your purposes, whether on account of contractual limitations therein or of the requirement for prudent underwriting either on behalf of your own company or because of your moral and ethical obligations to your contract reinsurers, you do not have to go to your competitors for relief, nor do you have to disoblige your agent by denying him the authorization he desires. Facultative reinsurance assistance in such instances is a perfectly legitimate and proper function of reinsurance companies and most reinsurance companies now recognize that fact and are equipped to furnish it. And the facility is equally available to general agents for the same reasons and for the further purpose of enabling them to control

their peak lines, to safeguard their contingent commissions.

The procedure of placing reinsurance facultatively is simplicity itself. You just apply for it as you would were you placing direct insurance, agreeing in advance on the rate of commission. You receive a binder for the amount accepted; you close it by a copy of the form accompanied by the particulars of the reinsured policy (i.e., the number, term, rate, etc.); and you receive a certificate of the reinsurance to complete your records. That is the basic routine. Of course, in the case of continuing accounts, many deviations of that routine occur. For instance, automatic binding authority may be granted by the reinsurer, the ceding office may issue the reinsurance certificates, interim protection may be extended on renewals and so forth, but the principle remains the same, in that the reinsuring company treats each risk as though it were direct liability instead of reinsurance and does not bind the ceding company to a warranty relative to retention.

The extent to which the procedure eliminates reinsurance detail in the offices of direct writing companies may well compensate them for any contra advantages of treaties, such as the automatic saving of a little premium, once in a while, due to changes in gross lines. But for companies operating under excess of loss covers as well as for agencies desiring to avoid peak lines for their companies, and even for companies operating under treaties which do not always furnish them with adequate capacity on low-retention risks or on risks on which they feel obliged to accommodate agents by accepting excess lines, facultative reinsurance sometimes seems to be almost a necessity. Whether they secure it, when they desire it, from their competitors or from reinsurance companies whose proper function it would seem to be to furnish it, is their own business.

My purpose in the foregoing remarks has not been to try to sell the idea to anybody that reinsurance companies have any peculiar right to precedence in the receipt of facultative reinsurance offerings, because capacity and service will always govern that, in lieu of reciprocity. But I have tried to explain what a simple and useful thing facultative reinsurance is and, divesting it of its ominous sounding descriptive title, what a common and ordinary form of reinsurance it is. In that, I hope I have succeeded.

Looking Backward Over the Trail

(CONTINUED FROM PAGE 1)

means a new one, having been advanced from time to time probably for the past half-century, but never so insistently and concertedly as now. There appears to be little if anything new in the arguments propounded by the local men as to why they should receive contingent in addition to flat commissions, and companies seem no more disposed to agree to the proposition now than in former years; although giving attentive and unbiased study to the problem. Doubtless the steady reduction in the average fire rate in the past 10 years has adversely affected the income of the local man, and supplies a particular motive for his present demand.

Harder Competition Is Seen

The stock agent of today concededly is meeting harder competition from non-stock and from non-affiliated stock institutions than ever before, and that too unquestionably influences his position. On the other hand the average agent is now writing more casualty business than at any former time and the aggregate premium income of his office is likely to be considerably greater than in times past. Though there had been relatively

little new building going on the country over during the early months of the year, the reverse has been true since April, and the insurance placed upon the new structures should increase agency returns.

Companies writing automobile fire and theft insurance are well pleased with the returns therefrom since Jan. 1. The premium income is expected to show a good percentage gain, while losses have been satisfactory. The extent to which this will apply will not be known for several months yet. The comprehensive form of contract has proved popular with the assured and its sale has accounted materially for the increased income anticipated from the line. This division of the fire business has been noteworthy for the drive made by agents to capture business previously handled through financing corporations; in which they have attained considerable success, enough at least to warrant continuing the campaign more intensively in the future.

U. & O. Coverage Is Pushed

In addition to developing the automobile line company heads have been pushing use and occupancy coverage, convinced that with the steady betterment of industrial conditions, the sale of this form of indemnity can be greatly increased. Particularly is it felt offices have confined their solicitation of this form of indemnity almost wholly to large industrial and mercantile establishments in the past, overlooking smaller prospects whose need for this coverage is not a whit less than that of the larger institutions and individuals. This omission will be corrected in the new year, plans for simplifying the standard forms of agreement being carefully studied by rating experts and other measures taken for popularizing the line.

Collection of Balances

Though still a phase of operation to which head office men give close attention, the collection of agency balances is not the headache it was a couple of years ago, strict enforcement of the balance rules of the different regional governing associations, proving effective. Local men, moreover, are exceedingly careful in their business solicitation, having no time to waste upon persons whose ability to pay for indemnity is at least doubtful. This has made for a far better situation with both companies and agencies; the latter as well as the former appreciating that long-time credits are destructive of sound business practice. However desirable they may seem for a time, in the long run they spell ruin or close to it.

Plan to Handle HOLC Business

Formation of an association by stock companies for handling business of the Home Owners Loan Corporation was among the important events of the year. Development of the separation rule in certain sections of the south was stayed through court action. The association offices, in the south and elsewhere, are firmly committed to the separation plan and apply it wherever legally permissible. Advocates of the system maintain that high commission and standard commission companies all have a clear right to operate upon lines that appeal, but they should pursue their activities separately; the high-commission institutions holding to agencies of their particular persuasion and not attempting to tie up with stock company representatives.

In the broad field the National Board continued to effectively serve its membership, and at the same time the property-owning public.

The important and widespread activities of the National Board are administered directly by W. E. Mallalieu, the general manager, who carries out the policies laid down by the various standing committees; and does it well. In May Mr. Mallalieu celebrated the 25th anniversary of his appointment to his present post; an occasion fittingly recognized by the fraternity.

The early months of the year witnessed the induction into office of a

Remarkable Work Done by Agents at Pine Bluff

The Pinebluff, Ark., Fire Insurance Exchange made a record in driving every mutual policyholder in that city into a stock company. The local agents went at the matter systematically, working through various means and finally got every policyholder into a stock company except two. Now these two have joined the stock company ranks. The Pinebluff local agents have made a real record in this connection.

number of new state commissioners; and this in turn resulted in changes in the executive staff of the National Association of Insurance Commissioners.

Probably the most important individual fire loss that occurred in the year was that of the Peoria, Ill., whisky plant of the Hiram Walker Co. The loss was noteworthy not alone because of its extent, but rather because of the issues involved; the insurance companies denying liability for the loss upon the ground of the building's alleged collapse prior to the outbreak of fire. The matter is now before the courts for determination. The effect of this fire, following as it did that of several other large whisky warehouses within the preceding 12 months, was a sharp curtailment of underwriting capacity for risks of the class; underwriters being unwilling to accept lines for any substantial amount on warehouses with large aggregate storage values. It is considered probable that changes in the construction of some of the warehouses will be made along lines looking to greater fire security and that such new structures as are erected from now on will be of a superior fire-resistive type.

Big Windstorm in Florida

Though the year was unmarred by a fire conflagration, companies writing windstorm covers in the south were called upon to pay over \$3,000,000 for damage wrought by the hurricane that swept southeastern Florida Nov. 4, upsetting thereby the favorable general loss ratio of the state, and killing utterly contingents which otherwise many of the general agents would have collected from their companies.

Conferences between accredited representatives of the National Association of Insurance Agents and company executives for the discussion of problems of mutual interest were held from time to time, making always for a more sympathetic understanding of the problems of the other. The one time generally held and freely expressed hostility of executives to the organized agency movement, long since passed away; and today meetings between the local men and the officials are of such frequent occurrence and so harmonious in character as to excite little or no comment. Each recognizes the important place the other occupies in the general picture, and that through cooperation, and only thereby, can real progress be attained.

Report Hail Experience

TORONTO, Dec. 24.—Members of the Canadian Hail Underwriters Association, writing the bulk of hail insurance done by stock companies in the Canadian west, report the following figures for 1935 in comparison with 1934:

	1934		
	Prem.	Losses	Pct.
Manitoba	\$ 46,676	\$ 14,613	31.3
Saskatchewan	209,113	215,656	103.1
Alberta	137,149	79,557	58.0
Totals	\$392,938	309,826	78.8
	1935		
Manitoba	\$101,080	\$ 57,280	56.6
Saskatchewan	525,203	253,517	48.2
Alberta	162,826	143,291	88.0
Totals	\$789,109	\$454,088	57.5

Over 15 goslings will be initiated into the Blue Goose at a meeting in Seattle, Jan. 17, according to W. H. Marks, most loyal gander.

Fire Association Also Eschews Pesky Andorra

Prompted by the recent opinion of the Wisconsin supreme court in Employers Mutual Liability vs. Tollefson, et al, the Fire Association has taken up the cudgel against use of the term "and/or." Secretary W. G. S. Savage of the Fire Association has sent the field men a communication stating that "and/or" are two of the most over-worked words in the insurance business. Many times they are included with the assured and appear in the form of coverage.

"We have always taken the position that these words mean 'and,'" the bulletin states. "It is not safe to act otherwise, particularly in the issuance of drafts in payment of losses. As you are aware, in issuing drafts, we do not include the words 'and/or' therein, but rather the word 'and.'"

The Wisconsin supreme court referred to the symbol "and/or" as "that Janus-faced monstrosity."

STATEMENT AS OF DECEMBER 31, 1934

ASSETS	
Mortgage Loans	\$ 97,650.00
*Bonds	3,456,030.00
*Stocks	3,889,162.00
Premiums in Course of Collection.....	680,711.83
Interest Accrued	39,301.75
Cash on Deposit and in Office.....	874,957.36
Missouri Premiums Impounded.....	63,661.08
	\$9,101,474.02
LIABILITIES	
Unearned Premium Reserve.....	\$3,836,286.86
Unadjusted Losses	254,537.00
Reserve for Taxes and Other Claims.....	225,000.00
Missouri Impounded Premiums.....	62,828.40
Capital Stock	\$1,000,000.00
Net Surplus	3,722,821.76
†Surplus to Policy Holders.....	4,722,821.76
	\$9,101,474.02

*Valuations on basis approved by National Convention of Insurance Commissioners.
 †On the basis of December 31, 1934. Market Quotations for all Bonds and Stocks owned, this Company's total admitted Assets would be increased to...\$9,168,716.02 and Surplus to Policyholders.....\$4,750,063.76 Securities carried at \$92,890 in above statement are deposited as required by law.

HARRY H. CLUTIA, President
 THEODORE PLESSNER, Vice Pres. & Treas.
 WILLIAM WILLIAMS, Secretary
 ROBERT L. PARSONS, Secretary
 GARRETT A. GOETSCHUS, Secretary
 RICHARD W. WETZEL, Asst. Secretary
 CHARLES H. CONKLIN, Asst. Secretary

Incorporated 1897

Northern



Insurance Company of New York.

83 MAIDEN LANE, NEW YORK

CALEDONIAN INSURANCE COMPANY

The Oldest Scottish Insurance Office

GOOD faith to agents and policyholders at all times has been one of the fundamental policies of this company. It is exemplified by an honorable reputation, sound practices, sound underwriting and a sound financial policy.

Caledonian-American Insurance Co. of New York

Robert R. Clark
 U. S. Manager and President

The Netherlands Insurance Co. of The Hague, Holland

Established 1845
 Robert R. Clark, U. S. Manager

Executive Offices: Hartford, Conn.

Clark to Succeed Spencer as First Deputy in N. Y.

NEW YORK, Dec. 24.—Howard C. Spencer, first deputy of the New York department, who drafted much of the department-sponsored legislation in the last four sessions, has resigned. Deputy Superintendent R. M. Clark has been advanced to first deputy and Prof. E. W. Patterson of Columbia University law school has accepted a temporary appointment as deputy superintendent while on sabbatical leave from the university. His work with the department will be primarily the proposed revision of the New York insurance laws, on which he has been engaged for several months.

Mr. Clark, the new first deputy joined the department in 1933. He had charge of personnel of the New York office and general supervision of the examining and audit bureaus. "More recently," said Superintendent Pink, "he has done constructive work of high order, particularly with reference to matters affecting the National Association of Insurance Commissioners."

Mr. Clark was formerly insurance editor of the old "United States Daily" and before that was connected with the insurance division of the U. S. Chamber of Commerce.

Edward McLoughlin, for many years special deputy in charge of the New York Title & Mortgage Company, and since April a deputy of the department proper, will continue to act as trial deputy and will also assume many of the duties formerly handled by Mr. Clark.

Professor Patterson taught law at the Universities of Texas, Colorado, and Iowa, and at Stanford University before going to Columbia. He is author of "The Insurance Commissioner in the United States," "Cases on Insurance," "Essentials of Insurance Law," and "Cases on Contracts."

Asks Action Against General

The New York attorney-general has been requested by the insurance department to bring an action for a penalty against the General of Seattle. The company is charged with wilful violation of the rating laws in connection with three fire insurance policies and 45 automobile insurance certificates issued under two master policies. The company has been instructed to correct all policies, certificates and binders found to have been written incorrectly.

Jung Heads Cat's Meow

ST. LOUIS, Dec. 24.—Carl Jung, assistant manager of the Missouri inspection bureau, has been elected Most Wise & Powerful Meow of the St. Louis Cat's Meow. He succeeds Dent Painter, manager of St. Paul F. & M. Other new officers are: Recorder, Thomas Kingsley, Jr.; keeper, John J. O'Toole; outside keeper, John Dwyer; inside keeper, J. B. Clinite, and directors, Dent Painter and George Schoen. The annual Christmas party was held Monday evening.

Missouri Examiners Fete Gordon

ST. LOUIS, Dec. 24.—The examiners of the Missouri department gave a dinner here in honor of the 50th anniversary of the marriage of Mr. and Mrs. John P. Gordon. Mr. Gordon, who is an examiner, was formerly state auditor. Superintendent O'Malley, other officials of the Missouri department and representatives of the departments of 10 neighboring states, attended.

Rehabilitation Delayed

PHILADELPHIA, Dec. 24.—No action on the rehabilitation of the Philadelphia Fire Underwriters Association is contemplated until after the first of the year.

Although the governing committee of the Philadelphia Board is reported to have met during the week-end, it kept its deliberations a secret. Nothing has

been said to indicate that it discussed the matter of returning to the executive committee the rate-making power it once held.

The Eastern Underwriters Association committee and the agents' committee have been marking time because of the Christmas holidays. The groups feel that if any agreement is to be reached, it can be done within a few weeks. Therefore, while the groups have only until February to solve the situation, the members feel that once the committees get together, the entire matter will be ironed out. From present indications, a meeting of the two committees will be called for the first week in January.

Nominated for President

SEATTLE, Dec. 24.—Kenneth J. Morford, of the long-established agency of Burwell & Morford, has been nominated for the presidency of the King County Insurance Association. Other officers nominated are Wayne C. Meek of the Associated Insurance Agencies, vice-president; and Raymond H. Ensign, Graham & Riley, Inc., secretary-treasurer. Nominees for three places on the board of trustees are Orion D. Starr, Ward Jennnigs and Floyd Bowles. The annual meeting and banquet will be held January 14. Louis LaBow of LaBow, Hayes & Snapp, is the retiring president.

Opposes Payment to Lawyers

JEFFERSON CITY, MO., Dec. 24.—Attorney General McKittrick has opposed the application of John T. Barker and Floyd Jacobs of Kansas City and Glenn T. Weatherby of Jefferson City to obtain additional legal fees for services as special counsel for the Missouri department in connection with the old 10 percent rate litigation. The attorneys are seeking a "partial allowance" of \$150,000. Mr. McKittrick appeared at a hearing by the Cole county circuit court.

Mr. McKittrick said the fees could not be paid from the fund impounded by the court, which represents excess premiums and interest due to policyholders. He contended the department had no authority to enter into a contract with attorneys, providing for payment of a contingent fee from the funds.

John Glendening Honored

Secretary John Glendening of the Franklin Fire was guest of honor at a dinner at Philadelphia given by President Wilfred Kurth to mark Mr. Glendening's twenty-fifth anniversary with the company. Vice-president H. V. Smith, acted as toastmaster. Mr. Kurth presented a silver service to Mr. Glendening.

Bankers License Reinstated

JEFFERSON CITY, MO., Dec. 24.—Superintendent O'Malley has reinstated the agent's license of Arthur Pierce, president of the Pine Lawn Bank of St. Louis county with the provision that it will be revoked should the attorney-general hold that banks and trust companies may not legally serve as agents or brokers. The license of Mr. Pierce was suspended because of his failure to appear as a witness at a hearing at which bank activity in insurance was studied. Mr. Pierce came to Jefferson City later and furnished the information wanted. Mr. O'Malley then lifted the suspension of his license.

Kansas Fire Losses

Kansas fire losses for November were \$183,154, an increase of 80 percent over October and nearly 100 percent over November, 1934, bringing the total loss for the 11 months to \$1,985,217, a reduction of nearly 40% from the same 11 months period last year. Farm and rural losses were largely responsible for the November increase they totalling \$116,880 compared with city losses of \$66,224.

A · DIRECTORY · OF RESPONSIBLE INDEPENDENT ADJUSTERS

ARIZONA

LYLE ADJUSTMENT CO., INC.
O. M. Lyle, Pres. & Mgr. A. C. Larsen, V.-P.
Elia Building Central Building
Phoenix, Arizona Tucson, Arizona
Casualty and Surety—Inland Marine—Fire—All Risks
Health and Accident—Life Investigations and
Inspection Reports
All Auto Dealer Coverages and General Investigations
Representing more than forty leading Insurance
Companies. References furnished on request.
Prompt Statewide Service Through Two Offices.

CALIFORNIA

J. P. McHALE & CO.
General Adjusters
for Insurance Companies
1031 South Broadway
LOS ANGELES, CALIFORNIA
Representing 45 insurance companies—
All Lines
Since 1915

R. F. SCHELL

258-59 Wilhoit Bldg.
Stockton, California
Black Bldg.
Modesto, California
Adjustment of all lines for insurance companies. Specializing in automobile and casualty.

DIST. OF COLUMBIA

NICHOLS COMPANY
INSURANCE ADJUSTMENTS
Representing Companies Only—All Lines
Woodward Building, Washington, D. C.
Mutual Building, Richmond, Va.
119 W. Pall Mall St. Winchester, Va.
Title Building, Baltimore, Md.
Prompt and Efficient Service Since 1921

ILLINOIS

C. G. EBERTH & CO.
ADJUSTERS
All Branches
Fire, Automobile—Casualty—Marine
330 So. Wells St.
CHICAGO

THOMAS T. NORTH

ADJUSTMENT COMPANY
Automobile—Fire, Theft, Collision,
Conversion, Liability, Property Damage
Inland Marine, Burglary
175 W. Jackson Blvd. Harrison 3230
CHICAGO

Established 1899

WHITNEY & MILLER

ADJUSTMENTS
175 W. Jackson Blvd. CHICAGO

J. L. FOSTER

314 First National Bank Bldg.
Springfield, Ill.
Fire - Automobile - Casualty

INDIANA

Indiana Adjustment Company
Home Office, 130 E. Washington Bldg.
Indianapolis, Ind.
Fire, Cargo, Automobile, Collision, Theft,
Single Interest and Allied Coverages
Resident Adjusters at
Evansville, Fort Wayne, Gary, Indianapolis,
New Albany, South Bend, and Terre Haute.

INDIANA (Cont.)

Indiana Casualty Claim Service
Home Office, 130 E. Washington Bldg.
Indianapolis, Ind.
Personal Injury, Property Damage, Compensation, Health and Accident, General Liability, Surety and Inland Marine.
24 Offices—Day and Night—One Hour Service
Anywhere in Indiana.

Eugene McIntire

Adjustment Co., Inc.
Automobile, Casualty, Compensation and
Surety Adjustments
Eight, East Market Street
INDIANAPOLIS

Foley Adjustment Bureau

200-201 Union Trust Bldg.
South Bend, Indiana
Specializing in automobile and casualty claims.
Immediate service northern Indiana and Southern
Michigan.
Representing over one hundred companies for ten
years.
Phones: Office—3-9712, Night—3-8522, 3-2287,
5-0720-W.

KENTUCKY

J. H. HARRISON, INC.

General Adjusters
Head Office: Starks Bldg.,
Louisville, Ky.
Specialists on Automobile Finance Accounts
Fire, U. & O., Automobile, Casualty

Kirkpatrick & Pumphrey

ADJUSTMENTS
CITIZENS BANK BUILDING
LEXINGTON, KY.

MARYLAND

NICHOLS COMPANY
INSURANCE ADJUSTMENTS
Representing Companies Only—All Lines
Title Building, Baltimore, Md.
Woodward Building, Washington, D. C.
Mutual Building, Richmond, Va.
119 W. Pall Mall St., Winchester, Va.
Prompt and Efficient Service Since 1921

MISSOURI

PRICE SHOEMAKER & CO.,

ADJUSTERS
Adjustments of all claims, all lines, for the
companies, specializing in Automobile and
Casualty.
CORBY BUILDING ST. JOSEPH, MO.

BERT E. STRUBINGER
CLAIM DEPARTMENT
CHEMICAL BLDG., ST. LOUIS
Automobile & Casualty Claims
Branches: Holland Bldg., Springfield, Mo.
Commerce Bldg., Kansas City, Mo.
H. & H. Bldg., Cape Girardeau, Mo.
W. C. U. Bldg., Quincy, Ill.
Gas & Electric Bldg., Denver, Colo.

O. B. Hanssen

General Adjuster
Automobile, Casualty, Burglary, Fire
Kansas City, Mo.
803 Walnut St. Suite 601 Gumble Bldg.

NEBRASKA

J. H. BALL

Independent Adjusting Office
GROWING CROPS HAIL LOSSES
FIRE, WIND, AUTOMOBILE
Twenty Years Experience
Grand Island, Nebraska
P. O. Box 815 Phone 1873

JUDD W. CROCKER

& ASSOCIATES
Claim Department
Grain Exchange Bldg.
Stuart Bldg. First National Bank Bldg. Trapp Bldg.
LINCOLN GRAND ISLAND NORTH PLATTE

NEW MEXICO

JOSEPH L. SMITH

804 First National Bank Building
Albuquerque, New Mexico
Fully equipped for adjustments, investigations and
settlement of claims all over New Mexico.

NORTH CAROLINA

GAY & TAYLOR, INC.

Insurance Adjusters
Home Office
833-4 Wachovia Bank Building
Winston-Salem, N. C.
Branch 501 Security Bank Bldg., Greensboro, N. C.
Branch 715 First Natl. Bank Bldg., Charlotte, N. C.
Branch 813 Central Union Bldg., Columbia, S. C.
represent 75 insurance companies.
Casualty, Automobile, Surety, Fire, Inland Marine.

OHIO

CALVIN B. MECK

Attorney Adjuster
Equipped for investigations, adjustments and
trial of insurance cases over North Central
Ohio.
216½ S. Sandusky Ave.
Phone 5188 Bucyrus, Ohio

INSURANCE SERVICE

of CANTON, INC.
819-20 Renkert Building
J. A. Anderson, Manager
S. R. Detwiler, Adjuster
CANTON, OHIO
Phone: 5167—after 6 P. M. 3-4411

JOHN H. McNEAL

502 Auditorium Bldg., 1367 E. Sixth St.
CLEVELAND
Phone Main 1924
Attorney-at-Law
Facilities for Investigations, Adjustments and
Trial work over Northern Ohio

Frank S. Pelton

Fire, Automobile, Windstorm
Twenty Years Company Service
Territory Covering Northern Ohio
Day or Night Phone Republic 1259W
9412 LAMONT AVE., CLEVELAND, OHIO

DAVID H. THOMAS

ATTORNEY-ADJUSTER
50 E. Broad St.
COLUMBUS
Phone Adams 1536
Prompt investigation and adjustment service
over central Ohio.

GEORGE H. LEWIS

1723 Nicholas Bldg.
Toledo, Ohio
Fidelity & Cas. Co., Mass. Bonding Co., New
York Casualty Co. and others.
Equipped for Investigations, Adjustments,
Settlement of Claims. All North-Western
Ohio.

OKLAHOMA

Attorney-Adjuster
Davidson & Krueger
1622-23 Petroleum Building
Oklahoma City, Oklahoma
Formerly staff adjusters. Members of
Oklahoma Bar

OREGON

J. B. PFOUTS

607 Board of Trade Building
Portland, Oregon
Adjusting and investigating all automobile
and all casualty and surety claims.
Member Oregon Bar

TENNESSEE

Raymond R. Ramsey

Volunteer Bldg.
CHATTANOOGA
Fire, Tornado and Inland Marine . . . Public
Liability . . . Property Damage . . . Automobile
Fire, Theft and Collision . . . Serving
Tennessee, North Georgia and North Alabama.

HUTCHISON & McKELVY

1113 Independent Life Building
Nashville, Tennessee
Serving Tenn., Ky., Ala.
Prompt, Efficient. All lines.

TEXAS

Homer E. Sanders

503 Republic Bank Bldg.
Dallas, Texas
General Accident Fire & Life Assur. Corp., and Royal
Indemnity Company and others. Specializing in
Casualty adjustment, investigations and settlements of
claims.

UTAH

NICHOLS ADJUSTMENT

BUREAU
404 Scott Building Suite 4 Ross-Davis Bldg.
Salt Lake City, Utah Pocatello, Idaho
Investigations and Adjustments
Representing Companies Only—All Lines
Operating Everywhere Inter-Mountain
Territory

WASHINGTON

WILKINS AND MILOT
—Investigations and Adjustments—
Automobile and All Casualty Lines
Specializing in Liability Claims
Members Washington Bar Association
410 INSURANCE BUILDING SEATTLE

WISCONSIN

NURNBERG ADJUSTMENT CO.
General Adjusters
Fire, Windstorm, Hail, Automobile, Casualty,
and Inland Marine
Underwriters Exchange Bldg.
MILWAUKEE
828 N. Broadway Phone Daily 8828
BRANCH OFFICE ANTIGO

JOSEPH RICE & CO.

INVESTIGATIONS & ADJUSTMENT
ALL CASUALTY LINES
A. M. Rice, Mgr., Milwaukee Branch
Milwaukee Office Chicago Office
601 Guaranty Bldg. 938 I. a. Exch. Bldg.
Phone: Daily 0664 Phone: Harrison 8884

Commission Issue Seen In Missouri

(CONTINUED FROM PAGE 1)

Refunds, according to the statement, are return premiums whether paid by the court custodian under direction of the court or whether paid by agents in the ordinary course of business.

The payment of commissions on the amount returned to policyholders would add \$575,000 to the cost of disposing of this matter.

In the refunds in the old 10 percent rate reduction case, the agents were not charged return commissions for the reason they had the money and could not have been induced to give it up if, in-

deed, they were able to do so at all. The aggregate of those return commissions were something like \$3,000,000 on \$13,000,000 return refunds paid.

At the beginning of the present litigation, the companies protected themselves on this point and the majority of contracts specially referred to the impounding.

The companies take the position that the public in Missouri is not out to take very kindly to the proposition that agents are to be paid in full while policyholders are only being paid 20 percent.

According to the companies, a great majority of agents recognize the impropriety of endeavoring to force payment of commissions on something the companies do not retain and recognize the doubtful political agitation which might follow paying them in full while policyholders are only paid 20 percent.

In getting commission on 80 percent of the impounded money, the agents are many dollars ahead of what they would have had if the state order had been accepted without contest and those same agents had, accordingly, transacted a smaller volume of business during the last five years.

Distributions Delayed

There could be no distribution of commissions in any event before March 15 or April 1. The federal court will enter an order for distribution, in all probability, during January, but some 60 days will be necessary to complete the legal formalities incident to distribution, so companies are not expecting to receive their share until about April 1. No commissions will be paid until the companies receive their share of the impounded money.

The companies contend that the claim for commissions on the 20 percent return to policyholders is equivalent to a claim that had the companies lost the case entirely and been compelled to refund all the impounded money, agents should nevertheless have been paid a commission thereon.

Companies assert that they would rather lose the entire amount than to concede to the principle that agents can collect commissions on premiums the company does not retain.

Agents Send Telegram

The executive committee of the Insurance Agents Association of Kansas City wired members of the governing committee of the Western Underwriters' Association to protest the ruling that agents will not receive commissions on the 20 percent.

"Reference your recent notice that agents commissions be limited in effect to 80 percent of impounded premiums," the telegram read, "our definite understanding of compromise negotiations makes us feel that this action absolutely

contrary to the spirit of your compromise with Superintendent O'Malley. Every recent precedent in Missouri and Kansas on the involved point supports our view that we should receive commissions on the full amount of impound. Regardless of legal phase, agents actually earned these commissions. The agents' loyalty through all these years of storm and strife and loss of income to cut rate companies justified payment of commission on full impound from standpoint of fairness alone. We urgently request that you not precipitate a new controversy on the eve of better times for both companies and agents."

Loss Ratio Shift to Rural Sectors

(CONTINUED FROM PAGE 3)

corporations have made safety and fire prevention a living part of their business procedure and with results which in some cases have virtually abolished serious fire loss. Automatic sprinklers, fire alarms, discovery of non-flammable chemicals and processes have all contributed to the safeguarding of industry.

Shift in the Loss Ratio

F. H. Wentworth, secretary of the National Fire Protection Association and the late J. J. Conway, who was head of the Cincinnati Salvage Corps, began to point out, even before the depression was under way that dwellings, barns, farm buildings and property in the smaller towns and country were providing the source of a growing proportion of the fire loss. That trend has persisted until now the major part of the fire loss does not come from concentrated value districts but from the isolated, relatively small loss fire in unprotected areas.

Work Done in Rural Areas

The National Fire Protection Association, while continuing its efforts in the cities, is directing more and more of its energies toward the source of most of today's fire loss. A special effort is being made to encourage better protection in the small villages and towns and for the countryside. Viewing what has occurred in the cities and towns and in industry, there is hope that a concerted attack upon the fire waste of the rural community and the small town will also bring results.

Reserving Today's Profits Is Urged by Scott Harris

(CONTINUED FROM PAGE 1)

statutory reserves and then to be placed in a special or contingency reserve. True, the addition to a contingency reserve does not help matters from the standpoint of income taxes. However, while in these days every financial plan must be examined from every possible angle before being put into operation in order to determine what the effect of such transaction would be on taxes, too much concentration on that angle may develop a narrow view of the broader aspect of the problem. It is perfectly proper and necessary that each and every consideration be given to the tax angle of all matters but it is even more important to see to it that any real enhancement through unusually fine results from underwriting are used as a "safety valve," regardless of taxes.

Mention has been made of the increment in the value of security portfolios that has recently come about. Many authorities insist that such enhancement is purely the result of inflation already in effect and the discounting of anticipated further inflation. There are other authorities who can select examples to which they can point and draw the inference that the increment in security values is well founded. Whatever the cause, the fact remains that security markets are active and apparently on an upward trend. Whether or not pure unadulterated inflation is

ahead makes little difference. The only real way to conserve these paper profits for the inevitable reaction at some future date is to create a reserve for such increased values. Every time a thousand dollar bond enhances in so called market value by \$1 a reserve in the same amount should be set aside as "reserve for security fluctuations."

As previously stated, this same plea—to reserve dollar for dollar in a "reserve for security fluctuations" for the increase in "market over book value of securities" was put forth by us five years ago. At that time many companies had already adopted such a program and others subsequently followed such practice. A review of the intervening five years is most interesting in that it shows that those companies who adopt such a program had many less worries during the last five years than did those companies which did not follow such a practice. Naturally, we do not want to believe that in the next five years we will see any such deflation of security values as occurred during the past five years. Whether we will or not depends entirely, of course, on how far up this present period of upswing will bring security values. The old adage of "The higher they go the harder they fall" is still something worth while thinking about. We therefore again make the plea not only to refrain from spending paper profits but refrain from enhancing surplus by them and to put them away for a rainy day in a "reserve for security fluctuations."

New Rates in Oklahoma

OKLAHOMA CITY, Dec. 24.—New rate schedules involving fire, tornado, public liability, compensation and plate glass are to be filed by the first of the year with the state insurance board, in an effort to get some uniformity in various forms of casualty insurance premium rates. This is the plan of the board, according to Commissioner Read. If such a plan could be worked out much confusion could be saved, likewise time and effort in meeting many problems that arise under these different classes.

Tampa Agents Elect

TAMPA, FLA., Dec. 24.—The Tampa Insurers Exchange has elected the following officers: President, W. P. Stovall; vice-president, R. B. Diaz; treasurer Chas. A. Light, secretary, L. A. Roos; directors, L. A. M'Geachy, C. A. Stroud, C. H. Black, Lester Pearson, Henderson Warren, R. C. Rise, O. H. Carter. Mr. Stovall follows L. A. M'Geachy as president.

D. F. Broderick
Pres.
C. M. Verbiest
V. P.-Secy.
L. G. Goodrich
V. P.-Treas.

D. F. BRODERICK INCORPORATED

INSURANCE EXCLUSIVELY

DETROIT NEW YORK
CHICAGO SAN FRANCISCO

S. ALEXANDER BELL & CO.

Certified Public Accountants

Specializing in Insurance Accounting,
Audits and Systems

100 No. La Salle Street, Chicago, Illinois
Telephone: Central 8227

Reduce Insurance Rates

Recommend

JUSTRITE OILY WASTE
AND SAFETY CANS

Approved and Adopted by the Underwriters' Laboratories and Associated Eastern Mutual Insurance Co.
JUSTRITE MANUFACTURING COMPANY
267 SOUTHPORT AVE. CHICAGO, ILL.



THESE are days when business-getting agents appreciate the Northwestern Fire & Marine Insurance Company. The Northwestern is quick to help an agent with practically any form of property insurance.

NORTHWESTERN Fire & Marine Insurance Company

John H. Griffin, President
MINNEAPOLIS, MINNESOTA

300 UP

750
OUTSIDE
ROOMS
WITH BATH

in NEW ORLEANS
SERVICE of the HIGHEST
at the

• Jas. "Pat" O'Shaughnessy, Mgr.

Roosevelt

HOTEL
"Pride of the South"

Finds Too Much Red Tape with HOLC on Small Claims

The Easton Agency of Muskegon, Mich., pays its respects to the HOLC and gives some experience it has had in a letter to THE NATIONAL UNDERWRITER as follows:

"During the last year we have had a number of small claims presented in which the HOLC had an interest. Our experience has been that the local office has no authority to endorse drafts, and that the red tape and delay caused by the various departments of the HOLC are out of all proportion to the size of the claims. The dissatisfaction on the part of the assured does not rest with the HOLC, where it should go, but with the various insurance companies for including the HOLC interest, on small drafts. For that reason, we are making a plea that something be done with the powers that be, to obtain approval of the HOLC for omitting its name from loss drafts under \$100.

Illustration Is Used

"The following example ought to illustrate our point. Lionel Booth suffered a small loss caused by an electric iron, in which the damage to the dwelling was settled by Western Adjustment for \$5. The draft was sent in to the Detroit office of the HOLC for endorsement Nov. 16. On Dec. 9 this answer was received by Mr. Booth:

"Our Branch office in your city informs us that the damage was confined to the kitchen linoleum and that you have repaired the damage yourself. Please give us a written statement setting forth the amount of linoleum used to repair the damage and its value or purchase price, the number of hours spent in installing it, and the value of your time per hour. If this totals less than the amount of the insurance company's settlement please mark it as being 'in excess of actual cost of restoration.'

"And in the meantime the draft is still in the hands of the HOLC."

May Include Casualty

TORONTO, ONT., Dec. 24.—The All Canada Fire Insurance Federation, which deals with matters of legislation, is considering an extension in its field to include casualty insurance, legislative work for which has in the past been handled by the tariff bodies, viz., the Canadian Casualty Underwriters' Association and the Canadian Automobile Underwriters' Association, which are now in process of being merged into the Canadian Underwriters' Association.

Oklahoma City Fire Rates

OKLAHOMA CITY, Dec. 24.—The Oklahoma city council is seriously considering asking a reduction of fire rates in the city, following a review of the work accomplished by the fire department in reducing the hazard from oil well fires. It is noted that many months have elapsed since there was anything like a serious fire in the oil fields surrounding the city, although well drilling has gradually crept closer to the heart of the city's east-side residential district.

Uniting License Service

License plate service of the National Automobile Club will be confined to members only and clients of agents, inasmuch as the increase in work necessitated by the change made in taxation methods of vehicles makes greater demands on club employees.

Discuss 30 Percent Deviation

SPOKANE, WASH., Dec. 24.—A general discussion was held by the Spokane Insurance Association regarding the present 30 percent deviation. It was agreed no changes would be considered until the loss, if any, on any special line justified a change.

Detroit Agency Is to Be Known as Rohde, Inc.



ARTHUR J. ROHDE

Arthur J. Rohde, president of the Parker & Davis agency, with offices in the Detroit Savings Bank Building, Detroit, announces that effective Jan. 1 the name of the company will be changed to Arthur J. Rohde, Inc.

Since its organization in 1909, the Parker & Davis agency has handled a substantial volume of profitable business. Their writings include fire, casualty, marine and life.

Mr. Rohde, a native Detroit, began his insurance career with the Fidelity & Casualty in 1919. He started his own agency in 1926. In 1928 he became identified with Parker & Davis agency, having purchased control. Later he acquired entire ownership of the company. The management and personnel will remain the same.

Fire & Marine Primer Has List of Questions & Answers

H. R. Teitrick, 509 Telegraph building, Harrisburg, Pa., who was formerly chief of the division of agents and brokers and for eight years was in charge of examinations of the Pennsylvania insurance department, has gotten out the "Fire & Marine Primer," a book that gives questions and answers to enable agents to pass state examinations. A written examination is required in Pennsylvania. The book sells at \$1.

Mr. Teitrick states that he is endeavoring to establish a basis for more uniform state examinations. The purpose of the book, he says, is to cover adequately the fire and marine field but to stick to fundamentals and to give proper emphasis to relatively more important subjects. He is about to circularize the insurance commissioners on the subject, seeking their cooperation.

Mr. Teitrick feels that ultimately many states will have the same qualifications for licensing agents and brokers. In that case an applicant would prepare himself by concentrating on a compilation of fundamentals rather than "cramming" from a heterogeneous mass of material.

Auto Club Proposal

ST. PAUL, MINN., Dec. 24.—Officials of the St. Paul Insurance Exchange have proposed an unique way of inducing the Automobile Club of St. Paul to discontinue writing automobile insurance. The plan is to get as many members of the exchange as possible to join the auto club on agreement that the club quit writing policies. At present the auto club is writing only a small amount of insurance and is not a serious competitor but it is felt that if conditions improve the club may become more of a factor in this business.

BRANIFF
Airways, Inc.
THE B LINE
"GREAT LAKES TO THE GULF"

*If you ride in automobiles
you should not be afraid
to ride in a plane!!*

STUDY THIS TABLE FOR YOURSELF

All Schedule Air Transport Operations.
(From department of commerce, Air Commerce Bulletin, Vol. 6, No. 10—4-15-35)

Year	Passenger Miles Flown	Passenger Fatalities	Passenger Miles Per Fatality
1930	103,747,247	24	4,322,802
1931	119,968,577	26	4,770,876
1932	146,552,587	25	5,862,103
1933	198,800,079	8	24,850,010
1934	225,267,559	21	10,727,026
TOTAL	794,336,049	104	7,637,847



Report of Federal Co-ordinator of Transportation
Published January, 1935

Passenger Fatalities in 1933—Comparative

	Passenger Miles Per Fatality	No. Killed
Railway Carriers	484,848,484	33
Highway	67,010,309	97
Airway	24,850,010	8
Private Autos	11,290,322	31,000

For reservations and details, call any leading hotel, club, travel agency, telegraph office or Braniff Airways at cities shown on map.

PROVIDENT FIRE INS. CO.

Fire and Automobile Lines

ROYAL EXCHANGE ASSURANCE

CAR and GENERAL INSURANCE CORPORATION, LTD.

Automobile, Liability and Plate Glass

111 John Street

NEW YORK

Use the Budget Plan on new and renewal premiums.

We cooperate with you in developing an Easy Payment Sales Plan on any policy coverage.

Write us.

Metropolitan Foundation of America, Inc.

A-1046 Insurance Exchange Chicago WABash 1393

Removing the Mystery from U. & O.

This book on Use and Occupancy Insurance written by W. S. Foster, a recognized authority, will open up a new line of premium income for you. Price \$1.25. The National Underwriter, A1046 Insurance Exchange, Chicago.

NEW YEAR

RESOLUTION:

I WILL KEEP MY CAR
IN GOOD CONDITION

AND WILL DRIVE IT
MODERATELY
ATTENTIVELY
COURTEOUSLY

AND SO WILL ASSIST
IN THE NATIONWIDE
EFFORT TO LOWER
THE TREMENDOUS
TOLL OF AUTOMOBILE
ACCIDENTS

KANSAS CITY
NEW YORK
CHICAGO
LOS ANGELES
SAN FRANCISCO

**EMPLOYERS
REINSURANCE
CORPORATION**

E. G. TRIMBLE, President

The National Underwriter

December 26, 1935

CASUALTY AND SURETY SECTION

Page Twenty-seven

Casualty People Optimistic Today

Immediate Future Seems Bright—
1935 Statements to Reflect
Improvement

PAST TROUBLE DISSOLVED

Prospect in Compensation Encouraging
Except for Occupational Disease—
Interest in Auto Safety

By GEORGE A. WATSON

NEW YORK, Dec. 24.—Although conditions in the casualty and surety fields during the year now nearing its end, were by no means ideal, a state it is unlikely ever will be reached, they were decidedly better than those obtaining through the preceding 12 months, and justify the feeling of general optimism for the immediate future that is manifested by most company executives.

Most of the serious ills feared for 1935 by executives failed to materialize. Few of the many bills proposed in the legislatures affecting the business were enacted, while those that were passed, with several notable exceptions, were relatively unimportant. A different story might have been told, however, had it not been for the vigilance of head office officials and agents in making clear to lawmakers the real effect the passage of most of the measures proposed would have had.

Target for Reformers

The nature of the casualty and surety business, touching intimately the well-being of individuals and business enterprises of almost every kind, makes it a target for the would-be reformer in public life, and bills by the thousand make their appearance in federal and state legislative halls year after year, the majority of which if placed upon the statute books would hamper, if not seriously cripple, the service carriers would otherwise be able to render. The extent to which the activities of the companies will be affected by the new federal and state social security legislation remains to be seen. That it will increase the cost of their operations goes without saying, the only question being as to the degree to which it will apply. Insurance interests, however, have a way of adapting themselves to changing conditions, legislative, industrial and economic, and their ability to do so in the future may be relied upon. Insurance is too closely interwoven with the economic life of the nation to be dispensed with and continuance of the institution is assured.

In the major field of workmen's compensation, a line that through the years has produced a net loss of millions of dollars, the premium income in 1935 will likely prove larger than that of the preceding year, and a still greater in-

W. G. Wilson Office Becomes Branch Under G. E. Corby

ANNOUNCE NEW OHIO SETUP

Aetna Life Group to Retain Official
Staff of Former General Agency
in Cleveland

G. E. Corby has been appointed Cleveland manager for the casualty, surety and marine lines of the Aetna Life group to succeed the late W. G. Wilson, who died on Nov. 30. The general agency is thus converted to a branch office basis. Mr. Corby has been connected with the Aetna Life organization since 1907 and for a number of years has been assistant manager of the Cleveland office of the Aetna Life and affiliated companies.

Associated with Mr. Corby in his new position will be C. A. Benner and C. L. Krum, associate managers, assisted by the following department heads, all of whom have been with the Cleveland office of the Aetna Life for several years:

T. F. Hummel, superintendent marine department; H. A. Cunningham, superintendent accident department; H. T. Knudsen, superintendent liability department; T. J. Tippy, assistant superintendent liability department; E. L. Gribben, cashier; H. S. Frank, superintendent fidelity and surety department; W. E. Brooks, attorney; T. B. Howe, supervising safety engineer, and H. A. Thomas, payroll auditor.

Robert W. G. Wilson, who was associated with his father, will continue to devote his time to the development of the insurance accounts.

crease is confidently anticipated for 1936. Many industrial plants, that through the heart of the depression, were either closed entirely or were working upon a part time basis, have reopened and are now operating almost at full capacity, with the result that a larger number of workers have been employed with a marked gain in payrolls. As an accompaniment there has been a lessening of malingering. Carriers have profited by rate increases sanctioned in a number of states and can count upon benefits therefrom at least through 1936.

Malingering Probabilities

The assumption that malingering will be materially reduced by virtue of the increase in employment, while generally held by executives, is challenged by others, who contend that by virtue of the "relief system" the morale of a large percentage of the industrial population has broken down and they will continue to seek easy money, and not be over-scrupulous as to how it be obtained.

Another disquieting feature of compensation insurance is the considerable number of supposedly settled claims that have been and are being reopened for further payments. Some months ago United States Manager E. C. Stone of the Employer's Liability told of numerous cases his company had been compelled to reopen five or more years after supposedly final settlements had been effected. Other companies have had similar experience; some even

New Form Meets Judge's Rabid Criticism of and/or

BEHA ISSUES A STATEMENT

Companies Obliterated Term in Drafting
Standard Bodily Injury Con-
tract Effective Jan. 1

NEW YORK, Dec. 24.—The term "and/or," which Judge Fowler of Wisconsin recently termed "that janus-faced verbal monstrosity," has been eliminated in the new automobile bodily injury policies drawn up by the forms committees of the National Bureau of Casualty & Surety Underwriters and the American Mutual Alliance, James A. Beha, general manager of the former organization, points out.

"The committees engaged in redrafting the provisions spent considerable time and effort in obliterating the term, and its removal might even stand as a symbol of the drafters' desire for clarity and simplicity, because the new form is entirely free from all surplus and confusing language," he said.

Standard of Protection

"The standard form provides the insurance buying public with a standard of protection which is essential for the automobile owner and operator, in the opinion of authorities who are aware not only of the companies' problems but of the needs of policy buyers. It will make available a means by which individual buyers of insurance can compare the coverages afforded under the policies of the individual companies. It will be of value in building up a comprehensive record of court decisions in the several states which will be practically of universal value to all those interested in the insurance liability contract.

"What has been done with the automobile liability contract can, and probably will, be done soon for other forms of casualty insurance."

Standard policy provisions will be adopted by the National Bureau and the American Mutual Alliance by Jan. 1. Mr. Beha said all states have approved the program except Texas where special forms have been employed.

being forced to make second payments 12 years after it was assumed cases had been closed. The possibility, or rather probability, that a percentage of closed claims will be reopened on the ground of physical conditions, subsequently developed and which could not have been foreseen at the time of initial settlements, has impressed upon executives the need for maintaining adequate claim reserves, and these on the average are far higher today than at any time in the history of the business.

Occupational Disease Issue

Another serious problem is the broad extension of liability under the law for occupational diseases, deaths and the accompanying charge for medical service. The new occupational disease law and medical practice act in this state which became effective last September, has been one of the most disquieting happenings in the history of casualty insurance. Executives fear it will place

(CONTINUED ON PAGE 34)

Drastic Measures May Soon Follow

Some Leaders in the Automobile
Field See Backwash from
Accidents

FEAR AN AROUSED PUBLIC

Stewart-Warner Corporation Will Start
a Nation-Wide Advertising Cam-
paign for Safety

Leaders in automobile traffic safety, especially those taking a long look ahead, are much impressed with the announcement that the Stewart-Warner Corporation, large dealers in various automobile supplies, is sponsoring a nation-wide advertising campaign in the popular magazines stressing the need of safety in automobile driving and urging people voluntarily to obey traffic rules, exercise care and endeavor by all means to reduce automobile accidents. This campaign of publicity on part of Stewart-Warner is not made altogether from an altruistic and philanthropic standpoint but the corporation undoubtedly has mercenary views.

Fear Drastic Measures

Stewart-Warner undoubtedly feels that unless the terrific death and disability toll due to accidents is materially checked there is danger in due season, when the public mind is intensely aroused, of passing drastic ordinances and laws that may have a very serious effect in the use of automobiles. While the tendency has been toward liberality in the treatment of automobiles, the time, in the opinion of many safety leaders, is coming when the swing will be in the opposite direction and when there will be serious curtailment placed on the use of machines. For example, it may be decided to fix the maximum horsepower.

Automobile Manufacturers Responsible

Automobile manufacturers themselves are responsible for the present condition in a number of ways. The chief one has been the installation of greater horsepower in cheaper machines. While a few years ago 40 miles an hour was the maximum that could be attained by the cheaper cars, now they can be run as fast as 85 miles an hour. Undoubtedly this higher horsepower has had a very serious effect in increasing automobile accidents.

Some prophets say that the time is near at hand when curtailment of speed must be rigidly enforced and drastic action may be expected soon unless there is a turn in the tide and far less people are being killed and injured. Therefore those interested in the automobile business and its various ramifications are becoming aroused at what might happen. Many of the metropolitan newspapers are carrying on crusades against rapid driving and careless drivers. Business organizations are taking

(CONTINUED ON PAGE 34)

Small Businesses Source of Fidelity Premiums

Small businesses are the real source of new fidelity premiums. Other sources of premiums were either dried up during the depression or are strongly competitive. Large fidelity accounts may return a substantial premium but there is always a strong chance of competition on renewal. When a small fidelity risk gets on the books it usually stays for a long time, which is an important factor for the agent to take into consideration.

Although the small business field has not been scratched as far as fidelity is concerned, there are sales difficulties that must be overcome. It is not easy to sell the small employer because he knows his employees well and he is in close contact with them. During the depression there was a natural tendency for employees who could not hold close to their positions because of the uncertainty in business. For this reason most organizations that remained intact during the depression are on a familiar basis with the employer. Employees in such cases usually resent fidelity bonds because of the implication. This factor must be overcome and the agent should be ready to meet such objections for it is certain that they will arise. One way to get around the resentment in bonding old employees is by stressing the fact that it is businesslike and similar to other insurance. It is desirable from the individual employer's standpoint that all the employees be bonded, because in case of serious defalcation all employees are likely to suffer, especially if a loss results in failure of the business.

Percentage Is Low

The percentage of fidelity premiums on the average agent's books is extremely low compared with the possibilities in the field. Company men who are pushing fidelity find that the agents shy away from it because they look on the coverage as a complicated bond rather than what it really is—dishonesty insurance. Several fidelity managers are finding that it is best to eliminate all references to fidelity bonds and to label the coverage dishonesty insurance.

One manager who is making a successful drive for fidelity business on small risks says that it takes a long time to get the agent aroused to the possibilities in the field and that a good deal of hard work has to be done before substantial results are obtained. Although this manager is losing much of his bank business to the Lloyds, he is finding he is offsetting the decrease by new fidelity business on small risks.

Shows 25 Percent Increase

Another fidelity manager who has been hammering away on the possibilities of the line is showing a 25 percent increase in fidelity premiums for the year. He points out the important features of fidelity:

Frequent newspaper publicity given peculations by employees is converting

Burglary Insurance Is Being Sought by Companies

Notwithstanding the depression, burglary insurance has given a good account of itself in recent years. Thus it would seem that particular class is not running true to form. Most companies now are reaching out very actively for burglary insurance. They are insisting on open stocks being carefully guarded to prevent burglary but when the physical and moral standards have been established there is no difficulty in securing insurance.

employers to the realization that they need fidelity protection. Small employers realize today that they cannot assume a \$2,000 or \$3,000 loss as they might have before the depression. They are more receptive to ideas for eliminating such possibilities. From the agent's standpoint, fidelity lines pay generous commissions and renew easily. The line has been neglected by most agents and is profitable for the live wire men who are doing specialization work on the fidelity. Large inventory shortages nowadays make merchants particularly interested in anything that will decrease this large item. It is also important to point out to the prospect that fidelity coverage not only reimburses the merchant in case of loss but checks his inventory shortage by reason of its moral effect.

The first of the year when most merchants are checking inventories, is an opportune time to solicit fidelity because some of them are bound to be charging off large inventory losses due to the dishonesty of employees. The situation will be uppermost in the merchant's mind and he will be receptive to suggestions for eliminating this hazard as to future losses.

American Air Lines Has New Group Accident Policy

Childs & Wood of Chicago have closed the American Air Lines for a group plan of sickness and accident with the Travelers. More than 1,000 of the 1,400 employees located in 52 cities have accepted the project.

According to Donald H. Wood, acceptance of a "complete insurance" plan of this nature by American Airlines marks a forward step among air transport companies in affording their employees complete protection through a group insurance plan at very moderate cost. Nearly all the major air transport companies now carry some form of group insurance, but most of these plans apply only to life insurance.

Wants Auto State Fund

State Representative Gallagher of Boston has filed with the Massachusetts legislature a bill to create a state fund to insure automobiles under the compulsory law of that state. He declared he was prompted to file such a bill because of the statement of Commissioner De Celles that the recent supreme court decision on liability of the motorist to his guests will open the door to all sorts of suits and might result in putting small companies out of business. Gallagher objected to the charge of \$3.25 for guest coverage that was fixed by the commissioner.

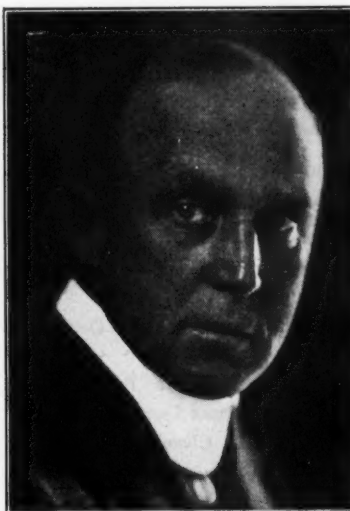
Name Parris President

NEWARK, Dec. 24.—At the Surety Underwriters Association of New Jersey meeting at the Down Town club, Newark, Jan. 7, the following officers are scheduled to be elected: P. S. Parris, resident vice-president Fidelity & Deposit, president; C. W. Quick, Aetna Casualty, vice-president; Ralph Hawkins, New Amsterdam Casualty, secretary (reelected) and Edwin Charles, treasurer, (reelected).

Ontario Adjusters Elect

TORONTO, ONT., Dec. 24.—The following officers were elected by the Ontario Insurance Adjusters' Association: President, L. R. Freeman, Zurich General; vice-president, A. C. Hughes, Travelers; secretary-treasurer, J. G. Mackenzie, Pilot. Executive: T. H. Bell, General Accident; N. W. Helwig, Morden & Helwig, and W. J. Howe, Adamsons, Ltd.

Silver Anniversary in Joyce & Co., to Be Marked



CHARLES H. BURRAS

In view of the fact that next year Charles H. Burras, president of Joyce & Co. of Chicago, will be completing 25 years in the service of that agency, his associates are preparing to make 1936 a potent period. A silver anniversary production contest is being organized for the office solicitors with monthly and quarterly prizes and a grand prize.

Joyce & Co. just recently organized a life department and emphasis will be placed on that end of the business. The manager is Harris Cloud, who had previously been a supervisor in the Stumes & Loeb agency of the Penn Mutual Life in Chicago.

Leader in Organization

Mr. Burras is one of the distinguished casualty and surety general agents of the country. He has served at various times five terms as president of the National Association of Casualty & Surety Agents and eight terms as secretary. He is the present secretary of the association. He served two terms as president of the Insurance Federation of Illinois and is now a vice-president. He is a director of the Chicago Insurance Agents Association.

Two years after graduating from the Chicago College of Law in 1896, Mr. Burras became connected with the legal department of the London Guarantee in Chicago. He then had a concentrated insurance legal experience in various connections. He was the first attorney for the General Accident in Chicago. He served as attorney for the John Hancock Mutual Life there. His first production experience was in 1909 as a member of the general agency firm of Burras & Goodbody which represented the old Pacific Coast Casualty. At the same time he served as attorney for the Pacific Coast Casualty.

National Surety Connection

Mr. Burras had his eyes on the National Surety and solicited a connection that materialized. He was appointed general attorney for the National Surety for the middle western territory and house attorney for Joyce & Co., of Chicago. At that time E. A. St. John was head of Joyce & Co. in Chicago. When Mr. St. John was called to New York in 1915 as vice-president and assistant to President W. B. Joyce, Mr. Burras was selected as president of the agency and he has thus been in the head position for 20 years.

At the time Mr. St. John was taken into the head office, he was serving as secretary-treasurer of the National Association of Casualty & Surety Agents and Mr. Burras succeeded him in that position as well. In his 20 years as

Losses Due to Liquor Are Showing a Marked Increase

MAY MEAN LIMITED FORMS

Company Officials Loath to Comment on Subject—Action in Future Is Predicted

Despite a distinct aversion on the part of casualty and life company officials to comment for publication on the question of increasing losses resulting from liquor, it is no secret that losses attributable directly to the use of intoxicants have been increasing.

This situation, first reflected in life insurance death claims and automobile losses, is now beginning to be felt in accident claims. As a result, several of the companies, among them the Commercial Travelers Mutual, one of the largest writers of accident insurance in the country, have just issued new accident policies denying any liability in any accident where intoxicants have been imbibed.

Company officials are loath to discuss the liquor question for fear of becoming involved, no matter how innocently, in a political battle. Off the record, however, most of them admit quite freely that accidents directly traceable to liquor are increasing and have been since shortly after repeal.

Frowns on Limited Form

Policies denying liability as a result of drunkenness are frowned upon due to the difficulty of deciding legally when a man is drunk or what constitutes drunkenness. There is a strong feeling that action of some sort will have to be taken by casualty and life companies to curb the increasing loss and mortality ratios resulting from liquor accidents.

The new "no-liquor-claims" accident policy is the first concrete step taken by the companies. There is a possibility that other companies may follow suit and that all accidents culminating from drunkenness may be denied liability. It is virtually safe to predict that if the companies do take such action, that the policies will read along the lines of any accident where intoxicating liquors have been imbibed rather than from drunkenness.

Baltimore Claim Men Meet

BALTIMORE, Dec. 24.—As a result of the activity of the Baltimore Claim Men's Association, James Henson, who had been victimizing filling stations and taxicabs' drivers here with fraudulent claims was sentenced to 30 days after pleading guilty to charges of obtaining money under false pretenses. With the conviction it is believed that a racket which has been worked here for several months has been broken up.

This announcement was made at the December meeting by President A. G. Kahl, local claim manager of the Maryland Casualty.

The following officers were elected: E. J. Paige, Baltimore Transit Company, president; D. E. Klein, of the Globe Indemnity, vice-president; R. D. Jones, of the Baltimore Transit Company, secretary, and J. T. Hill, of the American Mutual Co., treasurer.

member of the agents' association, he has been an officer 13 years.

In the early days, of course, Joyce & Co. was exclusively a National Surety agency and handled only fidelity, surety and burglary business. It has developed into an all round office, the opening of a life department being the latest progressive step. H. E. Reeves is vice-president in charge of casualty, inland marine and fire; Harry T. Huff is vice-president in charge of production, while Robert E. Stitt is secretary in charge of fidelity and surety.

Solve Silicosis Problem in California in Conferences

AGREE ON SURCHARGE RATE

Commissioner Carpenter Outlines Tentative Schedule—Expect Industries to Approve New Reduction

The silicosis problem in California is advancing toward amicable solution, it was indicated in several conferences and discussions between various interests, including agents of the state. The principal objection to surcharges presented by the California Inspection Rating Bureau to Commissioner Carpenter for approval, was the so-called "prohibitive" level and the fact that the surcharges contained the usual 40.6 percent acquisition and management loading. Employers vigorously opposed this and were supported by labor, which, however, also demanded coverage for dust diseases.

Agents Taking Part

It is understood, that as a result of conferences with the California Association of Insurance Agents, an agreement has been reached whereby this cost will be reduced to approximately 15 percent on surcharges but not on basic manual rates. It is believed industries will modify their opposition if this loading is reduced materially, although it is expected some interests will continue to fight any additional costs because of the hazard.

In notice announcing two additional public hearings, Commissioner Carpenter stated he tentatively decided surcharges must be levied to meet the conditions. He pointed out that "pneumoconiosis" (including silicosis and asbestosis), is becoming increasingly more costly for insurance companies. The California supreme court in Marsh vs. Industrial Accident Commission ruled in effect the statute of limitations does not run against a claim for this disease until the employee is actually disabled from work and knows or with reasonable diligence should know, that his disability is caused by his occupation.

Question of Reserves

"There is grave question as to the adequacy of the present requirement of law that earned premium loss reserves be maintained for three years only," Commissioner Carpenter stated. "Present basic manual rates heretofore approved do not contain an appreciable charge for the hazard of dust diseases."

"The California Inspection Rating Bureau is being instructed to publish basic manual rates on classifications subject to injurious dust diseases on the basis of excluding all charge whatsoever for this hazard, as though the coverage therefor were entirely excluded from the compensation policy. Rates for the hazards of dust diseases will be treated separately as a surcharge, over and above basic manual rates, which treatment will permit adequate and independent reserve treatment and the accumulation of statistics valuable to future rating."

Hearings are scheduled for Los Angeles, Jan. 29, and in San Francisco Feb. 11.

TO OPPOSE RATING SCHEDULE

The silicosis committee recently appointed by the Los Angeles chamber of commerce will oppose the rating schedule proposed by the California Inspection Rating Bureau, according to H. L. Martin, local agent and committee chairman, who states that Commissioner Carpenter will be requested to deny the new schedule and to propose legislative remedies at the next session of the state legislature.

Safety Rites Held

San Francisco insurance men attended in fitting style requiem ceremonies for persons killed in traffic accidents during the year. The unusual ceremony was held in the heart of the in-

N. Y. Club Elects Officers at Christmas Party



WALLACE J. FALVEY

NEW YORK, Dec. 24.—Wallace J. Falvey of the Massachusetts Bonding was elected president of the Casualty & Surety Club of New York at its annual dinner and Christmas party. Other officers for the coming year are M. L. Jenks, American Surety, first vice-president; John Grady, General Accident, second vice-president; John P. Madigan, Fidelity & Deposit, secretary-treasurer. Members of the executive committee: E. B. Southworth, Jr., Aetna Casualty; H. P. Hall, Century Indemnity; H. A. Kearney, Hartford Accident; J. G. Gossett, Travelers; W. H. Estwick, United States Fidelity & Guaranty.

Nominations were submitted by a committee composed of Rexford Crewe, chairman; A. G. Oakley, C. C. Gardiner, F. N. Dull and T. J. Grahame. Attendance numbered about 500, approximately 100 more than at any previous Christmas party of the club. Following the dinner a program of entertainment was presented.

Reciprocal Is Subject to Arkansas Insurance Laws

The contention of the Casualty Reciprocal Exchange of Kansas City that it is exempt from the insurance laws of Arkansas and particularly from the statutory provision that an insurer may be sued directly by a person recovering a judgment against one of its insured has been overruled by the Arkansas supreme court. The reciprocal relied on section 6036 of the Arkansas law providing: "Except as herein provided no law of this state relating to insurance shall apply to the exchange of such indemnity contracts." There is nothing in this provision, the supreme court held, which exempts policies issued by the reciprocal associations from the insurance laws of Arkansas. Since the Casualty Reciprocal Exchange is an insurance company, act No. 196 applies to it and the injured person, Bounds, is privileged to bring action directly against the reciprocal.

Insurance district, traffic being stopped for a minute while trumpeters sounded taps, the public standing at attention. The "taps" ceremony, originating in San Francisco with Insurance Post Boy Scout Troop No. 404, is expected to become a regular event. The Junior Chamber of Commerce and San Francisco Council are conducting a "Golden Rule Driving Campaign," the council being sponsored by the Fireman's Fund Indemnity, Hartford Accident, Associated Indemnity, Maryland Casualty and California Casualty Indemnity Exchange.

North American Accident Announces Policy Changes

AUTO HAZARD IS BIG FACTOR

Features Necessary Because of Revolutionizing of A & H Underwriting Practices in Recent Years

Because of the growing importance of the automobile as an accident hazard today, the North American Accident of Chicago has made several important policy changes, effective Feb. 1. Some new clauses have been added to the old contracts and the company has issued a new manual which consolidates many occupational classifications, reducing the cost for some and slightly increasing it for others. A change in rates, to be announced later, has also been made.

The changes are the result of many months of careful study. As pointed out by the company, accident and health underwriting practice has been revolutionized in recent years. The method of figuring rates and determining classifications for risks under the full coverage policies has been influenced a great deal by new trends in present day living.

Auto Biggest Factor

The motivating factor, of course, is the automobile. Some years ago the automobile played a very unimportant part in the figuring of accident insurance rates. Today it is the most important one. Occupation, at present, can no longer be considered the most important hazard in accident and health insurance. The fact that every man and woman is subject to virtually the same automobile accident hazard, irrespective of occupation, is the most important reason for making the present move. The new manual issued by the company lists, instead of nine classes as formerly, a total of five classifications: 1) Triple A, double A, A, B and B*, the last one being the extra hazardous class. Many occupational classifications have also been simplified. The experience of the company has shown that certain occupations in virtually every employment type have a similar hazard, and these have been simplified, in many instances, by being grouped together.

New Classification Summary

The new classification summary is a handy sheet which the agent can carry with him on solicitations. It lists in quick, readable form most of the occupations the agent will run across in day to day selling. A new application form has also been issued, to be used for all industrial policies for men and women. It was prepared with the idea of providing prompt service in the issuing of policies. Policies issued of this series at the home office will carry a photostat copy of the application.

Selling Features Added

Several selling features have been added to the full coverage policies, especially in regard to the specific loss benefits. Under the new contract for certain specific risks, such as the loss of both hands, both feet, one hand and one foot, sight of both eyes, one hand and sight of one eye, or one foot and sight of one eye, the company will pay double the principal sum of the indemnity instead of one-half the principal sum as formerly. Double the indemnity will also be paid for loss caused by injury while riding as a passenger within the enclosed part of any railway passenger car provided for the exclusive use of passengers, and where injury shall be due directly to or in consequence of the wrecking of such car. An increase in indemnity will also be paid for the semi-annual payment of premium. Under the old policy the company paid 10 per cent additional indemnity if a full year's premium were paid in advance; under the new contract the company will also pay 5 percent additional indemnity if a semi-annual premium has been paid in advance.

Optimistic



T. E. BRANIFF

An optimistic outlook for insurance in Oklahoma and the southwest was voiced by T. E. Braniff, president of the T. E. Braniff Company of Oklahoma City. To meet the improved demands, the company has instituted a program of expansion by establishing new agencies throughout the three states in which it operates, Oklahoma, Texas and Kansas. This program is being carried on throughout the year, and will be continued as long as the current outlook justifies, he added.

Aero Underwriters Announce New Plan of Coverage

The Aero Insurance Underwriters, 156 William St., New York, which issues policies on aviation hazards for the Eagle Indemnity, Globe Indemnity, Phoenix Indemnity, Great American Indemnity, Royal Indemnity and London Guarantee, announce that it can now provide a policy for \$50 per annum for business men who use the regular airlines. For this premium, \$50,000 of insurance can be purchased, \$10,000 of which would follow each individual whenever flying the airlines and also when at airports or places of forced landing. The policy covers all named employees and additional employees are added automatically from the time their names are mailed or telegraphed to the underwriters.

Lloyds May Enter Wisconsin

MADISON, WIS., Dec. 24.—Attorneys for London Lloyds have resumed negotiations with the Wisconsin insurance department, begun about a year ago, for entrance into Wisconsin. It is understood that Lloyds will apply for a license for 1936. While writing all classes of insurance, it is indicated Lloyds would specialize in covering casualty hazards. A large amount of insurance in Wisconsin is already being carried but because of not being licensed in this state, the business has been written through the Chicago office. If licensed in Wisconsin, Lloyds will immediately establish a Wisconsin bureau. There has been very little opposition among insurance companies now licensed in Wisconsin to the entrance of Lloyds, largely because of the latter's willingness to participate in joint protection of large hazards and also because it already writes a large volume through the Chicago office.

R. H. McKinnon, agency director, Massachusetts Bonding accident and health department in Michigan and president of the MacKinnon agency, entertained his staff at his Christmas dinner and party.

Massachusetts Compulsory Auto Law Will Be Amended

DUE TO GUEST RIDER CLAUSE

Will Endorse Extension of Coverage Because of Recent "Rules of the Road" Decision

BOSTON, Dec. 23.—The Massachusetts compulsory automobile liability insurance policy will be amended on January 1, with an endorsement providing for an extension of coverage, with an additional fee to be determined later, specifically protecting the public and the companies from the increased liability under the guest rider clause threatened by the recent full bench decision of the supreme court in the so-called Gallagher case, which resurrected a "Rules of the Road" law of 1820.

Only Original Coverage

The casualty companies will continue to provide the statutory guest rider coverage at the \$3.25 rate but stipulating that it covers only what was originally intended, providing for proof of gross negligence in cases of personal injury and simple negligence in fatal cases, on which the statute was predicated.

The casualty companies operating under the compulsory liability law in Massachusetts further agree to accept all risks which they carried in 1935 without resort to the board of appeal.

Such is the substance of the results of a long day's conference held in Boston today between Commissioner of Insurance Francis J. De Celles and 100 representatives of casualty companies doing business in the state.

The acute situation was brought about earlier in the month when the full bench, in the Gallagher case, sustained the introduction of a 115 year old law on rules of the road and ruled that gross negli-

gence need not be shown if, as provided in the ancient law, it could be shown a car driver was on the left hand side of the road, passed when there was not 100 feet clear vision ahead, etc., when the accident occurred.

Counsel immediately seized upon the interpretation to amend plaintiffs' bills, striking out gross and simple negligence and merely claiming violation of the old law on "rules of the road." The companies at once realized the decision would greatly increase losses and, under their legal right, several filed bills with the commissioner asking revision of the rates for 1936 as being inadequate in view of the new conditions.

DeCelles Opens Conference

Commissioner De Celles opened the conference today in the rooms of the Boston Board of Fire Underwriters, and outlined the situation. He stated he had called the conference to get the cooperation of the carriers in meeting the unusual situation. In the background loomed the possibility of a state fund for automobile liability insurance unless some immediate action was taken.

Two committees were organized, one representing the stock casualty companies with President T. J. Falvey of the Massachusetts Bonding as chairman, and another representing the mutual companies with Vice-president W. D. Riddell of the Lumbermen's Mutual Casualty as chairman.

The committees met separately and then jointly and finally brought in the proposition which was placed before Commissioner De Celles and accepted by him as a temporary solution of the difficulty.

Guest Rider Coverage

The guest rider coverage was taken out of the compulsory law by legislative enactment earlier in the year at the behest of the commissioner. The commissioner, however, with authority which has been questioned, fixed the rate for such coverage, when furnished

(CONTINUED ON PAGE 35)

Liability in Bus Deaths in Virginia Limited to \$140,000

AUTHORITIES TO INVESTIGATE

American Fidelity & Casualty of Richmond Is on Risk, Well Covered by Reinsurance

RICHMOND, VA., Dec. 24.—There was total liability of \$140,000 for deaths of the 14 persons drowned in the Atlantic Greyhound bus which dived into the Appomattox river on a trip from this city to Raleigh, N. C. The liability limit per person for death is \$10,000 in this state. The American Fidelity & Casualty of Richmond was on the risk. The bus crashed through a gate at an open drawbridge at Hopewell, Sunday morning.

Irvin S. Markel, an executive of the American F. & C., said that a good part of the insurance was reinsured. He declined to disclose details of the contract with the bus line.

An autopsy was performed Monday on the body of L. G. Alford, the bus driver, in an effort to determine his physical condition at the time of the accident. A microscopic examination will be made of the brain and viscera.

Besides Alford, two other men and 11 women, all of the passengers on the bus, lost their lives.

DeBuchanan Heads Company

TALLAHASSEE, FLA., Dec. 24.—The records at the department of insurance show the Pan American Casualty Co., of Miami, secured a charter Nov. 12 and has been granted a permit by the state securities commission to sell 10,000 shares of stock of the par value of \$10 per share to be sold at \$15 a share. The charter authorizes a capital

of \$250,000, with authority when organized to begin business to cover all fire, casualty and surety lines. The officers are: President J. D. DeBuchanan; vice-president and chairman of the board, John D. Crews; secretary, G. W. Maurer; treasurer E. L. Hainz; directors, these officers and Chas. W. Moon, N. T. Pearson, and J. D. DeBuchanan, Jr. Offices are in room 1418 Security building, Miami.

U. S. F. & G. Was Host

BALTIMORE, Dec. 24.—A. H. Culver, of Chicago, was reelected president and treasurer, and B. G. Watson, of Columbus, Ohio, secretary, of the Associated Offices of the Attorneys List Department at its annual meeting here. The officers of the United States Fidelity & Guaranty Co. were hosts at a dinner given the visiting attorneys at the conclusion of the meeting, at which R. A. B. Cook, of Boston, acted as toastmaster.

President Davis, J. K. Bartlett, vice-president and general counsel, and G. D. Blount of Denver, president of the Commercial Law League of America, were the principal speakers.

Confer on New Bus Law

SALT LAKE CITY, UTAH, Dec. 24.—Representatives of companies writing bus and truck business held a conference with the state public service commission concerning the type of policy required under the new state bus and truck law which goes into effect Jan. 1. The commission requires that the carriers provide a special policy covering passenger and cargo insurance, but the policy in effect under the old law will probably be acceptable, it was indicated, provided the 30-day cancellation period is reduced to 10 days. The new law levies a ton mile tax on all motor trucks having a gross weight over 13,000 pounds. The old law imposed a heavy tax regardless of weight.



GENERAL REINSURANCE CORPORATION

Casualty - Fidelity - Surety

90 JOHN STREET, NEW YORK ▼ 200 BUSH STREET, SAN FRANCISCO



IF WE CAN *Make Money* FOR YOU...

The spirit that has actuated Standard of Detroit through the past fifty-one years—that has made possible its sensational growth—has been simply this:—To render the utmost possible service to policyholders through its national agency organization; to make a standard franchise so profitable for Standard Agents that Standard becomes

the foremost company in their minds. Thus, Standard agents receive and learn to expect an unusual degree of cooperation and service from branches and home office—real factors in agency profits. • We are interested in you if we can make money for you—by helping you sell all forms of casualty insurance and bonds in this company.

**FOR 51 YEARS
a GOOD COMPANY for
GOOD AGENTS**

**STANDARD ACCIDENT INSURANCE COMPANY
OF DETROIT**

All Forms of Casualty Insurance and Fidelity & Surety Bonds

Inquiries are Invited From Progressive Agents Everywhere

CHANGES IN CASUALTY FIELD

Charles H. King Resigning With Midwestern Casualty

Veteran Fidelity & Casualty Manager at Cleveland Is Succeeded by B. C. Sauer, His Assistant

Charles H. King is retiring March 1 as manager of the Fidelity & Casualty at Cleveland. During that month he will have reached 70 years of age and has spent nearly 50 years with the company. He was with W. A. Alexander & Co. of Chicago for 17 years, then went to Cleveland and has been in charge of Ohio territory for 32 years.

B. C. Sauer, who has been Mr. King's associate in the Cleveland office for 25 years, succeeds him as manager. While his retirement is not effective until March 1, the F. & C. has given Mr. King a leave of absence as of Jan. 1. Shortly thereafter Mrs. King and he will leave for the south to spend the rest of the winter.

Mr. Sauer joined the F. & C. in 1910 at Cleveland, was made cashier a few months later and subsequently became underwriter. Five years later he was promoted to field special agent in the Cleveland territory and in 1929 became assistant manager.

Mr. King's entire business life has been in the insurance field. He joined W. A. Alexander in Chicago in 1887 and in 1900 became a partner in the firm of W. A. Alexander & Co. Four years later he joined the F. & C. as manager at Cleveland. During the more than 31 years which have elapsed the office has grown to be one of the most important in the F. & C. organization.

R. M. Redmond, president of the Illinois Brokers Association, is spending the holidays at Macon, Ga.

George A. Ferguson Goes to Sioux City to Take Charge of the Underwriting

George A. Ferguson, who was formerly at the head office of the Southern Surety for six years, and for three years was in the Chicago office of the Standard Accident as assistant manager in the casualty department, has gone to the head office of the Midwestern Casualty at Sioux City, Ia., to take charge of underwriting. Since leaving the Standard he has been in the automobile business in Chicago. Harold Lewis is president. He is head of the Lewis System, Inc., which handles money in armored cars in Des Moines and Sioux City. The company also has the liability and robbery coverage for members of the Iowa Service Station Owners & Lessors Association.

Shallberg Philadelphia Head

Ocean Accident Transfers Chicago Man to Eastern Post, Succeeding Stockwell Who Joins Standard Surety

Announcement has been made that the new position to be occupied by L. E. Shallberg, formerly second assistant manager of the Ocean Accident in Chicago, is that of Philadelphia manager of the company. He succeeds Charles W. Stockwell who will become manager of the Standard Surety & Casualty in Philadelphia. Fred Metcalfe continues with the Standard Surety & Casualty as regional supervisor.

Announcement was made two or

three weeks ago that Mr. Shallberg was being transferred to a new position, but the nature of his new work was not made known at that time. He has been one of the assistant managers in Chicago for a number of years and is a young man of force and underwriting ability. He started with the Travelers after graduating from its school in Hartford. After several years he left to open an agency in Moline, Ill. From there he went to Chicago as assistant

manager of the Ocean there six years ago.

Mr. Stockwell had been manager at Philadelphia more than four years.

F. J. Zinns Oakland Head

Frank J. Zinns has been appointed manager of the Aetna Life companies in Oakland, Cal. For the past six years he has been agency superintendent in the western department for those companies.

CASUALTY PERSONALS

Richard L. Paddock has joined the Time Insurance Company organization at Milwaukee. He is a grandson of the late J. O. Paddock, who was for many years president and general manager of the Time. He is a graduate of the Northwestern University of the class of '34.

Several hundred friends of the **Continental Casualty and Continental Assurance** attended the open house held Dec. 24 in the offices in the Insurance Exchange, Chicago.

More than 600 home office employees and officials of the **American Surety** and the **New York Casualty** attended the annual Christmas party given at the American Surety building in New York City. Among those attending were President W. E. McKell of the New York Casualty and several vice-president of both companies.

Ellis-Smith & Co., Dallas agents, and the Great American Indemnity received a pleasant surprise when an issue of the Dallas "Times-Herald" came out with a full-page advertisement of the Home Furniture Company of Dallas devoted to the Home's 12-month record of safety on the part of its truck drivers. The main part of the advertisement was a

reproduction of a letter from Ellis-Smith & Co., advising the furniture company of the "Gold Star Award" for their clear accident record for the past year.

At the luncheon tendered **J. Dillard Hall**, co-manager of the United States Fidelity & Guaranty at Chicago, who goes to the head office as assistant director of agencies at Baltimore, all the members of the Chicago general agency firms who represent the company and brokers together with department heads attended. Gilbert Robertson of the legal firm of Robertson, Crowe & Spence acted as toastmaster. On behalf of the Chicago delegation Mr. Robertson presented Mr. Hall with a handsome traveling bag. W. Herbert Stewart of Stewart, Keator, Kessberger & Lederer, general agents of the U. S. F. & G., spoke on behalf of his firm and presented Mr. Hall with a gift. Frank A. Durham of W. W. Durham & Co., another general agency firm, also extended greetings and regrets to Mr. Hall and presented him on behalf of his firm with a gift.

At the speakers' table, in addition to those mentioned, sat W. O. Schilling, manager of the U. S. F. & G.; Attorney Burt A. Crowe, Attorney Eugene P. Kealy of Robertson, Crowe & Spence, who was formerly counsel for the U. S. F. & G. at its Chicago office; Frank

There's one place in the Chicago area where you can always be certain of

SPEED AND RELIABILITY

on plate glass replacements. That is the American Glass Company, the leader in the Chicago field. For your ready reference, and our usual reliable, speedy service for your assured, why not jot down our telephone number now? It is MOHawk 1100.



Phone

MOHAWK 1100

AMERICAN GLASS CO.
1030-42 N. BRANCH ST. CHICAGO.

Opelka of Durham & Co., and C. M. Cartwright, THE NATIONAL UNDERWRITER.

Mr. Hall and his family left Saturday going to Syracuse, N. Y., the old home of Mrs. Hall, and from there he will journey to the head office. His family will remain at Syracuse until he can get a suitable location. Mr. Hall in his characteristic manner spoke at the luncheon and extended his good wishes to those at hand.

More than 1,000 fire, casualty and surety men and brokers attended the dinner at the Sherman hotel, Chicago, in tribute to Peter J. Angsten, Illinois industrial commissioner who has served in his field for 25 years. Mr. Angsten was the first chairman of the industrial commission which was created with the passage of the Illinois workmen's compensation act in 1913.

In expressing his gratification for the testimonial, Mr. Angsten thanked his associates for their assistance and stressed the importance of the work of the industrial commission to the employers and employees of the state. He was presented an oil portrait of himself, painted by a well known artist.

James Kemper, president Lumbermen's Mutual, represented the insurance fraternity in lauding the administration of the commissioner. Others who paid tribute to Mr. Angsten were William J. Bowe, Bowe & Bowe, attorneys; Victor A. Olander, secretary Illinois federation of labor; Oliver E. Mount; William O. O'Connell, former county treasurer, and Martin Durkin, director of the state department of labor.

Accident-Health Field News

Will Open Own Department

Continental Assurance Will Write Accident and Health Independent of the Continental Casualty

Beginning Jan. 1, the Continental Assurance of Chicago will inaugurate an accident and health department independent of a similar department of the Continental Casualty, its running mate. This step is taken to enable the Continental Assurance to broaden the service to its agents and through them to its policyholders and to do so within its own organization.

The policy forms and rates of the accident and health coverages to be issued by Continental Assurance will follow similar policies of the Continental Casualty, and in its underwriting policy Continental Assurance will have the benefit of the experience of its parent organization. This move does not affect the plans of Continental Casualty which in the future will press even more vigorously for the development of its accident and health department than heretofore.

Not to Disturb Old Business

Agencies for the accident and health department of the Continental Assurance will not be granted to agents of Continental Casualty. Agents of Continental Assurance whose major business is life insurance and who have heretofore represented the accident and health department of Continental Casualty may, after the opening of the new department, write their new accident and health business in the Continental Assurance if they prefer, but business existing on the books of Continental Casualty will not be permitted to be disturbed.

The Continental companies are more enthusiastic than ever as to the possibilities of the upbuilding of accident and health business both as a supplement to the income of casualty, life and fire insurance agents and as an entering wedge for the development of other lines of insurance.

Decide on Unterminated Risk Course in Illinois

Decision was reached at a meeting of a committee of company representatives to discuss the unexpired compensation risk problem in Illinois to proceed immediately in two directions. In the first place, the committee decided that the companies should finance the job of clearing the files in the Illinois industrial commission of certificates of risk assumption that were filed by the companies in connection with policies that have expired. This work, it is estimated, will require about 10 months for

a force of four persons. The cost may be as much as \$3,000.

Then the committee decided that legislation should be promoted to prevent a recurrence of the situation. The present law, which was enacted in 1929, provides that a certificate of termination must be filed ten days before expiration of a policy. Thousands of such termination notices have never been sent, with the result that thousands of policies may be legally in force although they have terminated under their terms and no premium is paid. An amendment to the law is favored that would provide that the expiration date be shown in the certificate of assumption that is

filed. Seventeen of the other states that have similar laws to Illinois permit such filing of expiration notices, it was brought out.

A third proposal, which was to institute a court test of the present law, was rejected by the committee.

A report of the committee's recommendations is being sent to the National Council on Compensation Insurance with the proposal that the National Council finance the clearing of the files and support the legislation suggested by the committee.

J. A. Hughes has purchased the local agency of R. A. Jeffries, Petersburg, Texas.

CASUALTY INSURANCE FIDELITY AND SURETY BONDS



The agency keynote to continued business improvement in 1936 will be satisfactory company representation.

Progressive agents are invited to appraise the strength, complete facilities, and sincere agency attitude of Central Surety.

Centralize
FOR
"FRIENDLY SERVICE"

Capital\$1,000,000.00
Surplus to
Policyholders 1,834,260.46
Assets 4,844,328.28

As of September 30, 1935

DENNIS HUDSON, President

**CENTRAL SURETY
AND INSURANCE
CORPORATION**

KANSAS CITY, MO.



HOME OF "SERVICE THAT EXCELS"

General Accident
FIRE AND LIFE
ASSURANCE CORPORATION, Ltd.
FREDERICK RICHARDSON, *Managing Director*
JAMES F. MITCHELL, *United States Manager*
GENERAL BUILDING - 4TH & WALNUT STS.
PHILADELPHIA

THE
EXCESS
INSURANCE COMPANY
OF AMERICA
JAMES GIBBS, President

Reinsurance
Casualty and Surety
Excess Covers

Executive Offices:
10 CEDAR STREET
and 70 Pine Street
NEW YORK CITY, NEW YORK
Telephone WHitehall 4-0050

Thirty-Three Years—Through Thick and Thin
AMERICAN CASUALTY COMPANY
READING, PENNSYLVANIA

● Experience gained through meeting many and varied conditions removes the always dangerous snap-judgments and vacillating practices that bring gray hair to agents' heads.

A Stock Company

Incorporated 1902

Supporting the American Agency System ever since

Casualty People Optimistic Today

(CONTINUED FROM PAGE 27)

a burden upon industry greater than can be borne.

An outstanding happening in casualty circles during the year was the creation of special funds in New York, one by the stock and the other by the non-stock companies, for guaranteeing the payment of compensation claims should there be any default thereupon by any licensed carrier. The adoption of this plan proved an acceptable counter to the proposed monopolistic state fund.

Another important development was the organization of a pooling arrangement by a number of stock offices for handling assigned risks, both in New York and in certain other states, here again supplying an argument against the creation of state funds.

State Funds Under Fire

Aside from the several moves made by private carriers to afford reliable compensation coverage to types of risks that previously experienced difficulty in getting indemnity, disclosures of the financial status and operating practices of certain state funds, lessened the demand for the establishment of bureaus of that character.

The loss experience had by casualty companies with O. L. & T. and other types of general liability since the beginning of the year, showed little or no improvement over that of 1934, the depressed status of real estate affording property owners scant leeway for making repairs, with the result that claims for accidental injuries of one kind or another were constant. With an improvement in real estate values and promise of a profit, landlords should be able to reduce the accident hazard. Otherwise an increase in the cost of indemnity will be inevitable.

Auto Results Discouraging

Results in the automobile public liability line continued discouraging. The growing road congestion, increased speed of cars, recklessness of many drivers, and alcoholic motorists caused an ever growing number of accidents. Alarmed at the growing death rate from automobile accidents, citizens generally are demanding enforcement of safety measures. That the campaign for greater safety now being waged will prove effective is a fair assumption, and automobile underwriters are inclined to believe it will.

So far as the accident and health business is concerned the net result will be fairly satisfactory to the average company. Through the weeding out process followed by practically all offices through the past few years, the less desirable risks have been eliminated, and the average loss ratio somewhat reduced. There was a gain in premium income, the result, in degree, of the intensified drive for new business conducted by companies co-operating in a nation-wide effort to increase interest in the line. Through the use of standard clause conditions by many companies, the confusion previously existing as to just what coverage was extended, has been largely overcome, and agents and brokers are now pushing the sale of accident and health contracts far more energetically, and successfully, than before. The large policy, once popular with certain companies, no longer finds favor, experience having demonstrated that a contract calling for \$50 or more weekly indemnity is not a profitable proposition, to the carrier at least.

Increase in Steam Boiler

With the smaller lines of burglary, steam boiler and plate glass insurance, no complaint can be lodged, the loss experience upon each being well within permissible limits. The volume of bank burglary business is not so great as at one time, largely through the development of the bankers blanket bond which embraces liability for burglary loss as well as for loss from other causes. The residence line, however, has proven

profitable, as usual, and the drive is and has been for its extension. As an inducement rates in certain territories have been reduced and policy forms liberalized.

The call for steam boiler and machinery protection showed a distinct gain since January. Many plants that previously curtailed the amount of such insurance increased their lines as plant activity was renewed.

Plate Glass Situation

The prediction is there will be a falling off in plate glass premiums this year, the result in part of the growth of the 50-50 contract, and again to the discontinuance of insurance altogether by many former property-owners, who were forced to limit expenditures.

In the realm of suretyship, conditions have been fairly satisfactory. While returns will likely reveal but slight increase in premium income, it will doubtless disclose losses well within bounds. Experience with the fidelity division of the business, has been favorable. In the surety department, while a considerable premium increase has been received by virtue of contract bond issues, these have been almost wholly upon federal projects. What the eventual experience will be will not be known for some time. Underwriters are rather apprehensive because of the upset condition in labor circles and uncertainty as to the application of contract provisions now required upon all federal work.

Portfolio Values Increase

That virtually all companies will gain through appreciation in the value of their security holdings is a foregone conclusion, the only speculation being the extent to which this will hold. While assets will increase substantially, the gains in net surplus accounts will be more modest, because of the necessity of strengthening claim and other reserves.

The stress and strain of the troubled years since 1930 has to a very marked degree, induced a superior grade of underwriting both at head offices and in the field. Accommodation lines are no longer accepted freely. Managers realize as never before that the very existence of the institutions under their control depends upon the type of business written, and that the average risk must be of requisite quality, hence the strengthening of underwriting standards and insistence that these be strictly observed. In spite of certain discouraging conditions now existing, and of still others that may be expected to develop within the next 12 months, casualty and surety underwriters face the future optimistically today.

Drastic Measures May Soon Follow

(CONTINUED FROM PAGE 27)

up the matter. The resentment is gaining much in momentum.

The Stewart-Warner Corporation had a national convention in Chicago a few days ago and one session was devoted especially to the safety campaign it is inaugurating and the announcement of its publicity that will start the first of the year stressing safety. One of the curious and unfortunate incidents of that session, was an injury that befell one of its Chicago salesmen. The safety meeting was held at the Drake hotel and this salesman had just taken a step from the curb when he was hit by an automobile and suffered a broken leg. The driver was going at high speed and did not stop to give any attention to the man he had struck.

L. S. Gregory, assistant secretary Fireman's Fund, visited the Pacific Northwest on a business trip.

Massachusetts Compulsory Auto Law Will Be Amended

(CONTINUED FROM PAGE 30)

by a company, at \$3.25. There has been a marked tendency on the part of companies to avoid writing the line, according to complaints of the commissioner. The full bench decision brought the matter to a head.

The most valuable feature of the proposed new endorsement, it was brought out at the conference, will be the effect upon the public, as it will point out definitely the additional cost imposed by virtue of the court decision, which, it is hoped and expected, will be a strong factor in securing amendment of the law under an emergency preamble at the forthcoming session of the legislature. In this connection the companies agreed to abide by the finding of today's conference until, if and when the legislature nullifies the effect of the Gallagher case decision by new legislation, at which time the companies will cancel all guest rider policies pro rata and they will be rewritten in the usual way. If the law is not changed the new form of coverage will remain in force.

Many at Conference

Among those active in today's conference were Chairman Jesse S. Phillips, Great American Indemnity; President A. Duncan Reid of Globe Indemnity, and Edwin C. Stone, Employers Liability; General Manager James A. Beha, National Bureau of Casualty and Surety Underwriters; President T. J. Falvey, Massachusetts Bonding; Vice-president Jesse W. Randall, Travelers Indemnity; Vice-president C. B. Morcom, Aetna Casualty; Vice-president Joseph F. Matthai, U. S. F. & G.; Vice-president W. S. Weech, New Amsterdam Casualty; Vice-president Edward J. Bond, Maryland Casualty; Vice-president Charles E. Ward and Vice-president Percy A. Goodale, Preferred Accident, and Vice-president R. J. Dunn, Lumbermen's Mutual Casualty.

The immediate effect of today's action was an order to all casualty companies writing guest rider coverage in Massachusetts to hold up the delivery of such policies until the endorsement could be provided and a rate for the same established. The companies will submit a rate for the special cover to the commissioner later for his approval.

Guaranteed Mortgage Claims

The New Jersey Fidelity & Plate in liquidation has compromised its guaranteed mortgage claims. When taken over by the New Jersey department for liquidation in 1932, its outstanding guarantees amounted to \$6,000,000 representing security for some 21 hotel and apartment properties throughout the southwestern and midwestern sections. Now the claimants will get \$2,425,000.

PERSONALS

R. Howard Bland, chairman of the board of the United States Fidelity & Guaranty Co., was named head of the Will Rogers Memorial Commission's Baltimore committee. Mr. Bland "got on the job" at once and this week gave a luncheon at which Patrick J. Hurley, Secretary of War under the Hoover administration, was the principal speaker.

C. F. Hardwicke, who was associated with H. M. Baker in the Baker-Moore agency of the Aetna Casualty & Surety in Richmond, died following a brief illness. His death was due to double pneumonia. He was a son of the late Walford W. Hardwicke, founder and head of the W. W. Hardwicke-Walford local agency of that city and was associated with that agency for several years prior to the death of his father. He was 33 years old.

Series of Casualty Meets in Three States Projected

NEW YORK, Dec. 24.—Because of the interest aroused among agents by the 10 meetings held at various points in New York state on the subject of compulsory automobile liability insurance, the Association of Casualty & Surety Executives is considering holding a similar series for agents in Michigan, Ohio, and Indiana. While compulsory automobile insurance is not an issue in those states, the meetings would be concerned with various aspects of public relations. It was in connection with these proposed meetings that H. S. Ives, special counsel of the association, was in Detroit recently. Mr. Ives conducted the New York state meetings.

Study Chicago Proposal

The National Bureau of Casualty & Surety Underwriters held a meeting in New York to discuss the proposal of the Chicago representatives that the National Bureau subsidize the Chicago Plate Glass Bureau and also authorize use of the 50-50 policy in Chicago and equity rating.

The National Bureau analyzed the plate glass insurance experience in New York state from the point of view of what the results would have been had all of the insurance been written on the 50-50 plan. The conclusion was that the companies would have suffered a loss under such an arrangement except on policies producing a premium of \$100 or more. The experience will be analyzed further with the idea of deciding whether to allow use of the 50-50 policy in Chicago for contracts producing \$100 or more in premiums.

Moves to Washington

The Government Employees Underwriters of Ft. Worth, Tex., has changed its name to Government Employees Insurance Association and moved to Washington, D. C. All policies will be issued from the Washington office after June 15th. The Government Employees Finance Company is attorney-in-fact.

Disease Held Compensable

PIERRE, S. D., Dec. 24.—For the first time since the workmen's compensation act was passed in this state, the supreme court held that death from disease may under certain conditions be classed as a death by accident. Maurice Meyer was an employee of E. Retele with a threshing crew, which was threshing on the farm of John Knell, and his death was described by physicians as having been caused by botulism, as the effect of food which he ate while on the farm, Knell having agreed to supply board for the men as a part on his threshing contract with Retele.

The defense set up was that the death of Meyer was from disease and not from accidental injury in any manner, and was not compensable under the workmen's compensation act.

Main Heads Accountants

J. E. Main, Commercial Standard and Employers Casualty, was elected president of the Insurance Accountants Association of Los Angeles for the ensuing year at the annual banquet of the organization. He succeeds Robert Armstrong, of Swett & Crawford. Other officers elected were: J. H. Whitney, Home of New York, vice-president, and J. Fairfield, of Spear & Co., secretary-treasurer.

Commercial Standards' Policy

Effective Jan. 1, the Commercial Standard of Texas will adopt bureau rates for workmen's compensation risks in Missouri. Heretofore the company has been writing above manual for various amounts, according to the underwriting judgment of the home office. The annual revision of workmen's compensation rates in Missouri, having been

approved by the state department, will become effective Jan. 1. The Commercial Standard contemplates adopting a special schedule for owners, landlords and tenants' residence and two apartment family risks.

Chicago Group Meets

Dinner and entertainment were furnished 256 guests and members of the Chicago Casualty Adjusters Association at its Christmas party. P. J. Angsten, chairman Illinois Industrial Commission, was a guest. Secretary R. T. Luce, Western & Southern Indemnity, was assisted by a committee of nine members. At the January meeting the proposed occupational disease bill will be discussed.

Credit Insurer Pays Extra

The American Credit Indemnity has declared an extra dividend of \$1 per share payable Dec. 23 to stockholders of record Dec. 19. This brings the total disbursement for the year to \$2.50 a share, including two prior extra dividends of 25 cents per share. The regular dividend is \$1.

Study N. Y. Amendments

Industrial Commissioner Andrews of New York announces that a study of amendments to proposed rules and regu-

lations to govern medical bureaus, in industrial plants servicing compensation cases is now being made by a joint committee of industrial and labor representatives and members of the State Medical Society.

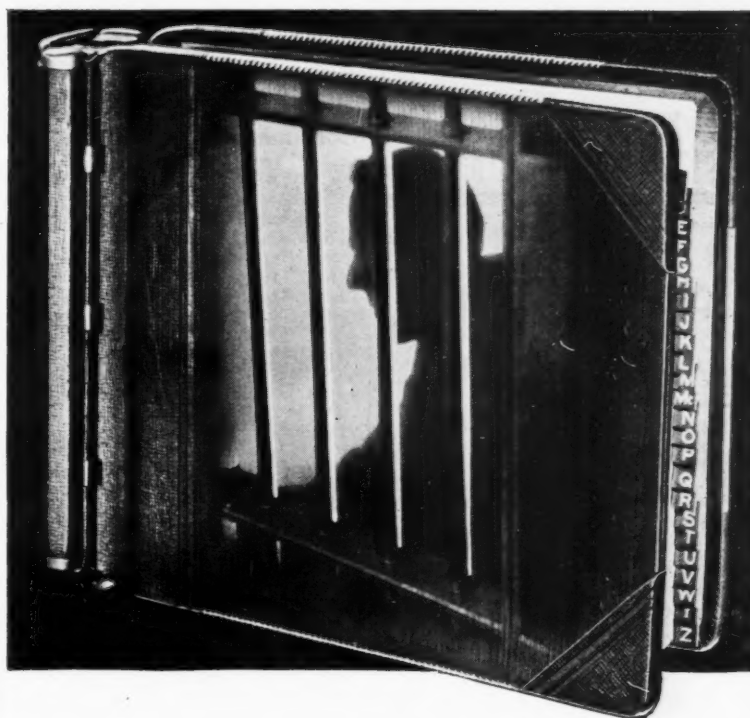
Good Minnesota Experience

ST. PAUL, MINN., Dec. 24.—Casualty companies got off this year with comparatively light losses in Minnesota as far as bank robberies are concerned. While total losses at just under \$15,000 were slightly larger than last year's \$12,324, they were far under other years recently. Up to Dec. 20 there were but eight bank robberies including two stick-ups and six burglaries. The largest single loss was \$4,554 in a torch job at Lake Lillian March 18. The largest hold-up was at Ellsworth April 1 when \$3,607 was obtained. The bank losses for recent years in Minnesota are: 1930, \$261,554; 1931, \$91,280; 1932, \$396,612; 1933, \$120,610; 1934, \$12,324.

Ward Makes Connection

W. E. Ward, Los Angeles broker, has gone with the Hillman & Hillman agency of that city. He was formerly until six years ago, for 15 years manager casualty department Globe Indemnity, and later with the Continental Casualty in the same department.

BUT JAIL DID NOT BALANCE THE BOOKS



Employed for 32 years, it seemed incredible that John R. should suddenly turn embezzler—but he did—and went to jail. Trusted and respected, another peculator left a trail of defalcations behind him of which more than \$45,000 was uninsured. He too went to jail. (Both cases are typical of the many in our claim files.)

Jail itself will never balance the accounts of the embezzler's victim.

Only an adequate Fidelity Bond can be depended on to make good the loss when the embezzler strikes. More and more doors are opening to this realization. The tremendous untouched market for Fidelity Bonds is grasped when you consider that approximately 36% out of every 100 businesses still carry no protection at all against this dangerous hazard.

* The National Association of Credit Men.

Write for a copy of our new Sales Manual on Fidelity Bonds.

NATIONAL SURETY CORPORATION

VINCENT CULLEN, PRESIDENT

**Experienced Counsel,
Co-Operation, Service
in handling**

GROUP DISABILITY LINES

For information address

Group Department



**NATIONAL
CASUALTY
COMPANY**

W. G. Curtis, President

Home Office

Majestic Building, Detroit, Michigan

***Selling assistance
that builds
business***

The Buckeye Union organization is a valuable aid to every agent. Its selling assistance actually builds business for its representatives.

Would you like to know how The Buckeye Union can help you build a larger, more substantial volume? Write to the home office today. There is no obligation.

Territory in Ohio

**THE
Buckeye Union
Casualty Company**

**515 E. Broad St.
Columbus, Ohio**

NEWS OF THE COMPANIES

General Indemnity Dividend

**Second Is Being Paid by the New York
Department Liquidating the
Company**

Superintendent Pink of New York is paying a second dividend of approximately \$135,000 to 5,100 creditors of the General Indemnity. Policyholder creditors will receive 12 percent of the gross amount of their claims, this with the 40 percent first dividend paid in April, 1935, making total payments of 52 percent to them so far.

Non-policyholder creditors will receive a second 10 percent dividend. Their first dividend, also paid last April, amounted to 10 percent.

Additional dividends will be paid to both classes of creditors after liquidation of slow assets still in the hands of the superintendent and upon termination of litigation involving disputed claims where preferences are sought.

The General Indemnity was placed in rehabilitation on Aug. 4, 1933, and in liquidation on Aug. 16, 1933. In 1931, the company reinsured the entire business of the General Casualty & Surety of Detroit and in 1932 control of the company was purchased by the International Reinsurance of Los Angeles. Early in 1933 control passed to Lloyds of New York City under whose management it was operated until both companies were taken over by the superintendent.

Continental Casualty Will Close a Successful Year

President H. A. Behrens of the Continental Casualty states that its premium income for 1935 will be about \$1,500,000 over 1934. Its total premiums for the year will be \$16,000,000 which will be within 5 percent of its biggest year, viz., 1929. The underwriting loss for 1934 was \$122,542 and that figure will be duplicated during 1935. Naturally with an increase in business the premium reserve is materially augmented. The investment income will show a gain of 10 percent, making the net \$660,000. The assets will show an appreciation but the increase will be employed to build up the contingency reserve which will amount to about \$1,750,000. The surplus will show a gain of \$300,000.

Form Cheesemakers Mutual

MARSHFIELD, WIS., Dec. 24.—At a meeting of the Wisconsin Cheesemakers Association for Wood and surrounding counties, the Cheesemakers Mutual Casualty Co., was organized as a companion company to the Cheesemakers Mutual Fire, organized in June, 1934. The new company will write public liability and property damage coverage on cars and trucks in the cheese industry.

Articles of incorporation and by-laws were adopted at the meeting. Officers elected, the same as for the fire company, are: E. B. Whiting, Gillett, president of the Wisconsin Cheesemakers Association, president; O. H. Yordi, Hortonville; John Wuethrich, Greenwood, and C. C. Manning, Boscobel, vice-presidents; John Hicks, Madison, secretary, and J. L. Sammis, of Madison, treasurer. Directors are Mr. Whiting, Steven Suidzinski, Denmark, and L. E. Kopitzke, Marion.

American Income Moves

The American Income of Indianapolis has moved its home offices to Circle Tower building, Indianapolis. It showed a 17½ percent increase in premiums in the first 11 months.

Dividends in Defunct Outfit

**Final Distribution Is Being Made to
Claimants of the Inter-State
Inter-Insurance**

MILWAUKEE, Dec. 24.—A final dividend of 25 percent has been ordered paid claimants against the defunct Inter-State Inter-Insurance Exchange, reciprocal automobile concern, in liquidation since Nov. 26, 1930. Some \$35,000 will be distributed. The present dividend will settle all claims in full as 25 percent dividends have previously been paid.

Total claims filed against the concern after liquidation was started when the department found it insolvent aggregated \$340,000, with 276 claimants. Each claim constituted a separate action which had to be tried. There was one appeal to the supreme court on the question of applying a \$35,000 guarantee fund on the payment of claims. The high court upheld the contention that it could be used. Claims allowed totaled \$142,300. Some 25,000 policyholders were affected throughout Wisconsin and assessments were levied to cover the total of approved claims plus liquidating costs. Some assessments are yet to be prosecuted and the court still retains jurisdiction of the case. A number of prominent public officials, business and professional men founded the reciprocal in 1920.

Lindquist Is Sentenced

Gustav Lindquist, former insurance commissioner of Minnesota, has been sentenced to one to five years in the penitentiary and fined \$1,000, following his conviction by a jury in the criminal court in Chicago on a charge of conspiracy to gain control and to loot the Abraham Lincoln Life of Springfield, Ill. The same sentence was given to Abraham Karatz, former lawyer of St. Paul, who had been attempting to manipulate insurance companies.

Joseph Baiata, who several years ago was involved in a scandal concerning the old Niagara Life, was convicted recently and is now serving a prison term for embezzlement from the Amalgam-

ated Trust & Savings Bank of Chicago. The money embezzled was used to make a down payment and get into control of the Abraham Lincoln. Karatz was also convicted on that charge, but he has appealed. Dave Barry, prize fight referee, has also appealed his conviction in that alleged plot.

Northern Life Issues Four New Accident Policy Forms

SEATTLE, WASH., Dec. 24.—The Northern Life of Seattle has issued four new accident policies. It now has an active accident department in charge of J. W. Hazlett.

The policies are: A special automobile accident form with \$1,000 principal sum written at \$6 annual premium and \$2,000 at \$7.50 annual premium which may be written on housewives; a policy providing a monthly indemnity for life, hospital indemnity, nursing fee, surgical indemnity, and aviation coverage; a policy providing a monthly indemnity and a \$500 minimum for hospital and medical aid reimbursement, with the privilege of purchasing up to \$1,000 of hospital and medical aid reimbursement—dismemberment losses are based on amount of monthly income; a policy carrying no monthly indemnity but death and dismemberment only with a minimum \$500 hospital and medical reimbursement, with privilege of purchasing up to \$1,000 hospital and medical reimbursement.


Oklahoma Safety Drive

OKLAHOMA CITY, Dec. 24.—With a toll of 568 lives the first 11 months of 1935, by automobile accidents, a statewide movement to prevent automobile accidents has been launched in Oklahoma. A list of all persons convicted of drunken driving is being prepared from records of county, district and municipal courts, to keep on file for use in case the legislature should pass a drivers' license law at the next meeting.

WANTED

Young man. Experienced Liability and Compensation. Claim Department. State age, qualifications and salary expected.

ADDRESS C-63, NATIONAL UNDERWRITER


**CASUALTY
RE-INSURANCE**

**Reinsurance Treaties
Excess Covers**

American Re-Insurance Co.
99 JOHN STREET NEW YORK

Ne Amsterdam
Casualty Company

A Progressive Surety and Casualty Company

TWO EDITIONS

Since 1920 we have been publishing The National Underwriter in two separate and distinct editions, one devoted exclusively to life insurance and the other to fire and casualty insurance.

This is no news to most insurance men, and we mention it now only to emphasize the significance of it to advertisers. Everyone with an adequate knowledge of the business knows that the great bulk of life insurance is being written by agents who sell nothing but life insurance, except for the placing of an occasional accident and health policy. The successful life agent, in a great majority of cases, is certainly not writing fire lines, workmen's compensation, automobile and a miscellaneous class of business. He is successful because he is specializing on life insurance.

The same is true in reverse. That is, those who write most of the fire and casualty premiums, the men usually referred to as local agents, do almost no life insurance business except as a side line. It is known that there are some brokers and even some agents who write all lines of insurance with some success, but they are only the exceptions that prove the rule.

This policy of publishing two separate editions of The National Underwriter benefits the advertiser because an advertisement in the life edition is read only by those that the advertiser wants to reach—life insurance men. Similarly, the fire and casualty companies do not recruit agents from the ranks of life insurance and have no thought of increasing their premiums from the writings of life insurance men.

Two editions mean no waste of circulation, and all of the circulation concentrated on those to whom the advertiser wants his message to go. The advantages of this to the advertiser are so obvious that no extended comment is needed.

*No 9. of a series devoted to the merits
of National Underwriter Advertising*

The National Underwriter

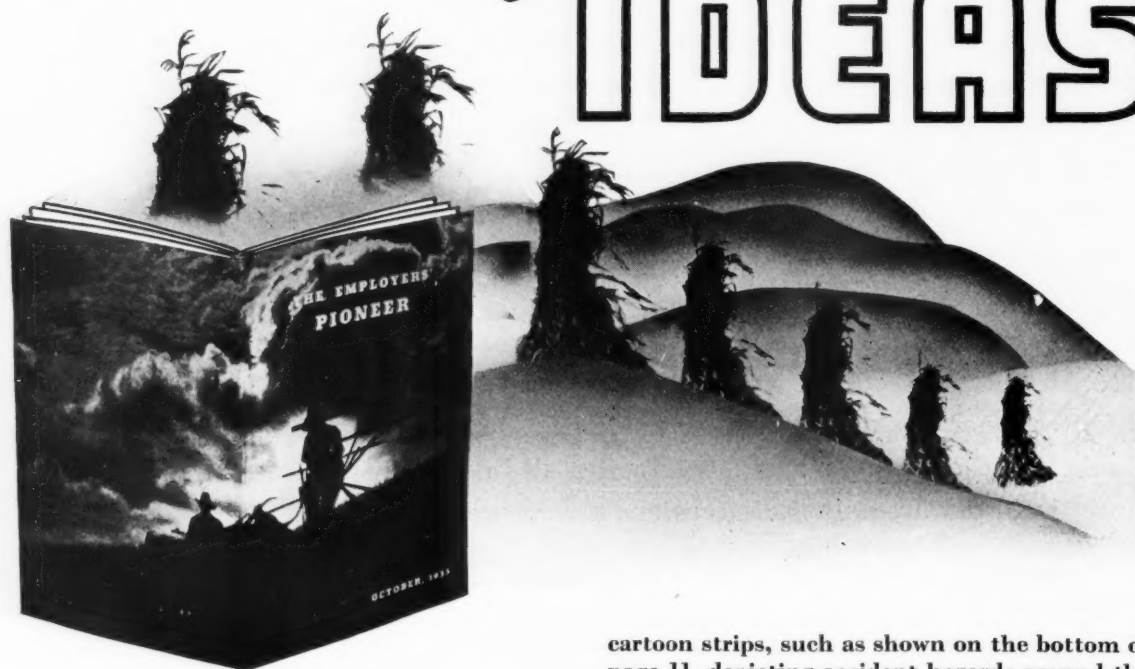
The leading weekly insurance newspaper

E. J. WOHLGEMUTH
President



C. M. CARTWRIGHT
Managing Editor

A crop of IDEAS



THE insurance man who reaps a harvest of premiums is he who has ideas . . . the more and the better the ideas, the richer the harvest. And so we offer you the October issue of *The Employers' Pioneer*.

Which one of the many ideas you will find between its covers, will be of the greatest assistance to you, is hard to say. Perhaps you're interested in fidelity and surety bonds. Articles concerning bonds required in court proceedings, probate bond underwriting and something about public official bonds are all in the October issue. Income insurance, residence liability, residence boiler and a few thoughts on fire and accident prevention may also be found in this issue. We call your particular attention to the article "Nine Old Men." It doesn't concern itself primarily with insurance, but the wise insurance man will find it helpful when discussing present day conditions with prospects or policyholders.

Note, too, the very short article at the bottom of page 7. It shows one way in which the *Pioneer* might prove helpful to you. And we'd like a little help from you. Do you think a series of

cartoon strips, such as shown on the bottom of page 11, depicting accident hazards around the home and elsewhere would prove effective if distributed to the general public? We would appreciate an expression of opinion from you on this subject, but of course you'll have to see the October issue first.

To get your copy, address your request to the Publicity Department, 110 Milk Street, Boston. There is no obligation on your part in making such a request.

The Employers' Group, publishers of *The Employers' Pioneer*, includes The Employers' Liability Assurance Corporation, Ltd., (the world's pioneer in liability insurance) The Employers' Fire Insurance Company and the American Employers' Insurance Company. It writes practically every kind of insurance except life, including fidelity and surety bonds, and the *Pioneer* naturally is a reflection of its activities.

THE EMPLOYERS' GROUP

110 MILK STREET, BOSTON

Practically every kind of insurance except life, including fidelity and surety bonds.



The NATIONAL UNDERWRITER



GENERAL
REINSURANCE CORPORATION

Casualty - Fidelity - Surety

90 JOHN STREET, NEW YORK ▼ 200 BUSH STREET, SAN FRANCISCO



NORTH STAR
INSURANCE COMPANY

Reinsurance of Fire and Allied Lines

90 JOHN STREET, NEW YORK

200 BUSH STREET, SAN FRANCISCO



*Casualty
Fidelity
Surety*

Re - Insurance

*THE OLDEST
CASUALTY and SURETY
REINSURANCE COMPANY
IN THE
UNITED STATES*

***The EUROPEAN GENERAL
REINSURANCE COMPANY, LTD.***

**OF LONDON, ENGLAND
99 JOHN ST., NEW YORK**

THEODORE L. HAFF
U. S. Manager

CLARENCE T. GRAY
Assistant U. S. Manager

The National Underwriter

December 26, 1935

REINSURANCE NUMBER

Number 52, Part II

Fire and Casualty Reinsurers Approach End of Profitable Year

A pronounced spirit of cheerfulness is evident in the offices of the fire and casualty reinsurance companies these days. There are a good many spectators mentioned, but the fact remains that both classes of institutions are making money and there seems to be more satisfaction taken by reinsurers in the immediate blessings than is taken by direct companies.

The fire reinsurance executives have apprehensions. They fear that the low loss ratio is casting some sort of an ominous shadow, but by and large they are enjoying the present good times in pretty full measure. Their volume is holding steady, on the whole, but reinsurance executives have not yet forgotten the good old days when the volume of premiums flowing to reinsurance companies was more than double what it is today.

Getting Good Food But Not Enough of It

"We are getting good food, but not enough of it," is the way one such executive expresses it.

The casualty reinsurance companies have fewer reservations than do the fire reinsurance companies in their current optimistic attitude. At least one of the casualty reinsurers is having its best and biggest year in history. Others are having an entirely satisfactory year. Practically all of the headaches have disappeared. The new accident business that is being reinsured is regarded as satisfactory and much of the liability on account of personal accident business has been liquidated. The current surety business is good. There is not much of a workmen's compensation problem for the reinsurers, because most of the reinsurance of that line is handled through company pools. However, the excess cover for self-insurers and business that is taken from direct companies remains profitable.

Watch Trend of Auto Liability Claims Closely

Reinsurance executives are still watching the trend of automobile liability claims carefully, although they state that an upward trend in reinsurance losses in this line has not yet developed. They are far from being complacent as to the future of automobile liability, however.

The reinsurance people observe a vicious circle in the automobile liability field. As verdicts increase in size, the direct companies are inclined to make larger settlements to keep out of the courts. The lawyers sense that disposition and seek to take advantage of it.

Although the fire reinsurance companies welcome the profit that they are making, they realize their experience is dangerous. It is likely to make people feel, they fear, that the reinsurance business is one that is profitable on a decreasing volume.

There has been pressure during the past few years for increased commission from reinsurers and that demand has been acceded to rather generously.

The commission problem looks big to the reinsurance company. They do not begrudge the ceding company an increased commission these days but some of them fear that it may be difficult to make an adjustment the other way if the profit vanishes from the business. Others, however, feel that such an adjustment can be made if the reinsurer when that time comes, lays his cards on the table before the direct writing company, saying that the commission was increased when the direct company needed help but that the times have changed and the reinsurance companies can no longer live on the commission that is being allowed the direct writing company. A good many reinsurance executives anticipate that they will be treated in a fair and equitable manner by their direct writing connections when, as and if times make a change in commissions seem essential.

Sliding Commission Scale Is Disappearing

The sliding scale of commission in reinsurance treaties has pretty largely disappeared. Under this arrangement if the loss ratio under the treaty were 50 percent, the commission paid would be 45 percent; if the loss ratio were 53 percent, the commission would be 42 percent, etc. This was a rather complicated arrangement and difficulties were encountered when treaties were canceled. The question arose what scale of commission was to be applied in paying return commissions on return premiums. The direct writing companies found that they would prefer to have something definite. The sliding scale was in addition to the contingent.

The direct writing companies will have a substantial recovery from reinsurers this year under their contingent commission arrangements, if the good experience continues to the end of the year. Contingent commissions paid by reinsurers range from 10 to 20 percent with a 50 percent reserve basis. Most

of the contingents are either 10 or 15 percent but there are a few 20's.

As for the reciprocal reinsurance arrangements between direct companies the strictly reinsurance companies are confident that these will be abandoned as premium income increases. As equities are insured again, there is sure to be an increase in losses and there will be a difference in loss ratios.

There was extremely little news of reinsurance companies or reinsurance men during the year. The death of Guy B. Carpenter early in the year was a shock. He was the originator of the Carpenter plan, which competes with treaty reinsurance in the fire field and to some extent in the casualty business. His death did not disturb his office, however, since he had a capable understudy in Mr. Nichols, who is now the manager.

The Associated F. & M., which for the past two or three years has confined its writings to automobile fire and theft in conjunction with the Associated Indemnity, recently decided to enter the reinsurance field.

New Company Added to the Sumner Ballard Fleet

The potent Sumner Ballard reinsurance fleet was augmented by the acquisition of a Cuban company, which was entered in this country.

Some fire reinsurance executives express the belief that never will the good old days of reinsurance return. Hand in hand with improvements in construction and fire department service goes an increase in net lines. That is a progressive tendency and there is no reason in the world why the day should come when \$2,500 will again be regarded as the proper line for a good risk. In 1905 that was the average line for a good risk. Then the Continental started writing jumbo lines, but what the Continental wrote in those days was nothing to compare with what a medium sized company will write today.

The concentration of business in the

hands of group companies is not likely to be disturbed.

However, other reinsurance executives do not look back on the turn of the century as the good old days. Any day, they say, is a good old day, when income exceeds outgo.

Some Feel Companies Have a Lesson to Learn

Some reinsurance executives have been sitting back and waiting for a conflagration or run of heavy losses to bring the executives of direct writing companies to their senses in the matter of underwriting. They feel that dangerous underwriting practices are being indulged in by the direct companies and some time there will be a day of reckoning that will cause direct companies to appreciate the evil of their ways and again patronize reinsurance companies as they did in the past. Other reinsurance executives, however, do not believe such a day will arrive. They point out that most of the recent conflagrations have involved mainly dwellings. Conflagrations of that type are not going to affect underwriting practices appreciably.

When large losses do come, they are likely to result in refinements of construction that reduce the likelihood of recurrence of such losses. For instance, the big whisky fires in the last 18 months resulted in the decision of the big whisky operators to introduce concrete floors in the rack warehouses.

Some reinsurance executives are convinced that the direct companies are plunging these days in their underwriting and that their examiners are being taught dangerous habits. The sense of proportion is being lost, they say. For instance, the line sheet may call for \$5,000. Upon renewal, the underwriting executive may direct that this be increased to \$7,500 and then later still further increased to \$10,000. "When the loss occurs on the \$10,000 line, the fur will fly," one reinsurance executive predicts.

The other reinsurance executives who are resigned to a more modest living, express the belief that direct companies are not plunging; that, as a matter of fact, they are fearful of the future, believing that the low loss ratio situation today is the calm before a storm, and are revising their lines downward.

The fire reinsurance companies are having a new experience in making a good profit on account of low loss payments. The reinsurers usually bank on a loss ratio several points higher than that of a direct company and depend upon making up the difference with an expense ratio several points better than that of the direct company. If there could be said to be a normal balance, it probably would be a loss ratio of 53 percent and an expense ratio of 39 or 40 percent.

This year, however, the reinsurance companies are enjoying a loss ratio just as good if not better than that of the direct companies and their expense ratio is normal for reinsurers.

CONTENTS

Reinsurers Approach End of Profitable Year.....	3
Are the American Companies Marine Minded?.....	4
Casualty Reinsurers Join Auto Safety Drive.....	4
Need Proper Retrocession Facilities.....	5
Difficulties Seen in Casualty Excess Business.....	6
Fire Reinsurers Hold Ground Against Many Threats.....	7
Yearns for Adequate Domestic Reinsurance Market.....	10
Life Reinsurer's Function.....	12
Casualty Reinsurance Problems and Trends.....	14
Treaty System Is Answer of Modern Business Needs.....	15

Additional editorial material concerning reinsurance appears in this week's fire and casualty edition of THE NATIONAL UNDERWRITER.

Are the American Companies Marine Minded and If Not, Why Not?

By W. J. Langler
Vice-president Russia

It is a curious fact that notwithstanding the truth of the statement (or perhaps because of it) that any time you scratch an American you uncover a European, there persists in the American mind a studied cold shoulder and suspicion towards European business in general. The average American thinks George Washington knew his "stuff" when he proclaimed far and wide the policy of "No foreign entanglements and alliances."

A further curious fact is that a European of the present generation does not need to remain here very long before the same feeling is steadily permeating his being, most probably as a result of seeing the situation from afar and getting a better seat, so to speak, from which to view the international cockpit, in which so often there is displayed all the animosities of race, language and national aspirations, all of which rub shoulders in a relatively small field.

Unfortunate Results from Foreign Business "Flyers"

In addition to this there are plenty of American companies which have taken a "flyer" in foreign business with unfortunate results. Frequently those results arose out of natural causes or the misfortunes common to underwriting adventures but more frequently the "unfortunate results," were the sensation of being "stuck," often more truthfully a failure to understand how European business is transacted and to the "sinking spells" suffered by foreign currencies during the last two decades. On the other hand, let us acknowledge that the average European business man is well able to look after himself and perhaps is not averse to "stringing" the American if the opportunity offers and he has found plenty of opportunities. Associated with this in its effect upon American thought is undoubtedly the outcome of the war-debts.

Then again there were times when an American company (during the early war period for instance) would reinsure its entire marine liability, say for total loss, with London underwriters, obtaining protection in English pounds at the equivalent of American dollars at the pegged rate of exchange. The loss occurred later and the "peg" had been withdrawn and while the pounds came through 100 percent, the dollar equivalent was off about 30 percent. Then try collecting the proportions of a lot of quota share reinsurers from the middle west and other non-marine minded people and see if you can remove their sensation of being stuck by some of these smart "foreigners."

Currency Transactions Cast Shadow Over Deal

Recently it was necessary to send some money to China. After the exchange was figured and one bank charged 12 percent interest for the period of transit and a quarter of one percent for its services and another bank charged one-half of one percent for next to no services, it was difficult to escape the thought that foreign adventures are apt to be something of a headache to the American insurance company whenever currencies get involved. It is also important to note that these currency distractions quite often cast a disproportionate shadow over the whole operation as an underwriting experience and leave the feeling that to go abroad is to invite a "licking."

Talk to any recent tourist of Europe and hear him tell how foreign exchange is manipulated which ever way is most unfavorable to the tourist and how in every town of any size in Europe his ignorance of the language and customs inevitably lands him into native trick-

ery and deceptive methods whereby he can be charged double and treble what would be charged to the inhabitants. Finally he comes home disgusted with his treatment, however favorably he was impressed by the individual countries.

All of these reflections arise out of a consideration of the attitude of American companies towards marine insurance and of the attitude of the American people towards the American mercantile marine situation.

Here is a country with vast shore lines on two oceans and an immense export and tourist trade and yet it is allowed to travel largely in foreign bottoms without any particular effort at all to enjoy its advantages, save a certain amount of lip-service.

In this connection the Hartford "Times" of Nov. 15 in a United Press message commented on "the unique, unanimous refusal of the four largest shipbuilding concerns in the United States to interest themselves in a \$15,000,000 job" to build a 28,000 ton Atlantic liner.

Distribution of Ocean Marine Premiums Shown

According to Harrison Law's Chart for 1935 the distribution of ocean marine premiums was as follows:

	Gross	Net	Pct. Retained
American cos.	\$48,995,582	\$23,904,411	48.7
Foreign cos.	20,328,673	8,106,392	39.8
Reins. cos....	855,540	731,570	85.4
	\$70,179,795	\$32,742,373	46.6

From this picture it would seem that the marine companies largely exist by taking in each other's washing or at least to the extent of about 50 percent, unless a tremendous amount goes out of the country to London underwriters. How much the latter amount really is could only be obtained from the companies themselves but undoubtedly it is

large (see later reference hereto) and the reason it is large is because many American insurance companies are not marine minded, quite apart from their charter limitations.

Builders Risk Pool Is Difficult to Form

Recently an attempt was made to form a builders' risk syndicate in the United States but the amount necessary to be underwritten, viz: \$5,000,000 could not be obtained without the assistance of the United States branches of foreign companies or foreign owned American companies, and this is obviously not entirely desirable when United States government projects are involved. There are times when it might be essential to protect certain naval secrets from foreign knowledge and in addition, it does seem that American institutions should gladly extend their assistance to government undertakings. The American companies had an opportunity to reconsider and agreed to take the full participation.

According to a report dated Aug. 15, 1932, from the bureau of construction and finance to the United States shipping board there was effected in 1930 with foreign non-admitted companies by way of reinsurance from American companies \$3,612,000 in premiums; from U. S. branches of foreign companies \$1,353,000 or a total of \$4,965,000.

In addition to these premiums "Ship-owners in the United States reported that they placed hull and disbursement insurance directly with foreign companies abroad to the extent of \$6,834,000."

Just think, more than \$11,000,000 went out of the country, largely because American companies are not marine-minded. During the last year or two the sight of one percent of that amount of fire business would have sent the companies into a dog fight and yet here

they turn away from their doors badly needed income. To offset their scruples about "foreign entanglements" they meanwhile proceed to fatten the said "foreigner" with the income which they themselves might be enjoying—obviously a case of mistaken generosity, and the need for application of the proverb that "Charity begins at home."

Patience Is Needed in the Marine Business

What is the reason for American aversion to marine business? It is largely, I think, due to its uncertainty for one thing and the need for patience. A year's premium cannot be earned under three years at least, four years preferably, and so it is necessary to build up marine funds similar to English practice. If this is not done you are "spending your substance in riotous living," as the biblical expression goes, and when three or more years after you issued a marine certificate some bank messenger dumps a draft in your lap for a general average loss you never heard of, or you get a book as big as a family bible relating to the adjustment of a loss umpteen years ago with proof of loss for a sizable figure, if you haven't got a "fund" you soon have a headache. Moreover, the next time an insurance department examiner looks you over and jacks up your loss reserves as high as his idea of enough is, you're going to wish you had set aside a little for a rainy day.

The writing of marine insurance is traditional and so is the method of dealing with it. The long view is the only view, and one year has nothing to do with the next year. Moreover you don't earn the premium just because the ship arrived at its destination, you earn it perhaps at the end of three years because you haven't heard of a claim. If you are in a hurry to earn premiums you should avoid marine business.

Two Partial Losses, One Total Under One Policy

I remember once a schooner hull written for a voyage New York to Rio de Janeiro to Liverpool to New York. It should not have been written but it was. Off Newport News it was dismantled and had to be refitted. It arrived at Rio a wreck and again had to be refitted. It finally reached Liverpool and then was a total loss while crossing the Atlantic. Two partial losses and one total loss under one policy and in excess of its amount. Try that one on some non-marine minded middle western quota share reinsurers! Anyway I wanted to say that as an example that trip took a life time so to speak and these voyage risks need plenty of time to mature, and if given it there will be no illusions or disillusion.

Perhaps the American doesn't like the settling agent problem which is another "foreign entanglement," but so long as he is in good hands and it is easy to find it out, if you take the trouble, he has nothing much to worry about. He appoints his own settling agents and pays his losses in dollars (unless the certificate provides differently) and is not concerned with foreign exchange. Frequently his assured are on this side and he usually has plenty of company when there is a loss of any size and customarily there is a "master mind" on the loss who will think up all the necessary thoughts about "sue and labor" clauses and perils of or on the sea, etc., so dear to the heart of a marine loss adjuster.

Apart from that, a vessel is a living thing, something around which is wrapped the halo of romance and foreign adventure; you know its age, length, weight and speed, its pedigree

(CONTINUED ON PAGE 15)

Casualty Reinsurers Join Auto Safety Drive

Recent and current experience of casualty carriers, in connection with automobile accidents and deaths, is about the most important and interesting item in their operation. The experience of a great number of these companies comes to a focus in the business of Employers Reinsurance of Kansas City, which writes a large volume of automobile liability reinsurance. Although that company maintains a very active safety and engineering staff at the command of its treatyholders, such a staff can do little upon the problem of safe driving, except in cases of large fleet covers, where drivers can be concentrated for instruction. The individual car owner usually sustains no contact with his insurer until he presents a claim. Therefore, the problem of safe driving lies almost wholly in the direction of education and is really too big for any one company or organization to handle alone.

More People Thinking of Safety Than Ever Before

The Employers, however, decided to add its voice to the current clamor for safer driving and fewer accidents, and for some time has been devoting all of its advertising space in a number of insurance journals to that end. In a recent interview the executive who prepares its copy said:

"Admittedly we cannot educate even a small fraction of the motorists; yet while, in our business, our ads must

normally be addressed to casualty company executives, perhaps we can still put something into them which will attract also the eyes of the thousands of agents who read insurance journals, and add our individual punch to the campaign against reckless driving. At any rate, we are so vitally interested in this problem from a humanitarian point of view and, of course, because it so directly affects both us and our treatyholders, that we are very happy to devote a great deal of space to this campaign. If we could hammer the lesson home to a single driver and so save a single life, the cost of the space would be well spent. But the effect could not possibly stop just there, because the cumulative result of such a campaign is a spread of safety consciousness to a multitude of minds. It seems to 'rub off' on all our contacts.

"We will, of course, never know the result of our part of the campaign; but neither can a single player in a big band expect the audience to hear his horn and be charmed by his individual playing. The big idea is that if enough noise is made about the situation, everybody will eventually become conscious of it, which is the initial step toward correction of any bad condition. And undoubtedly there are now more people thinking about safe driving than there ever have been before, from the President of the United States down to the tramp on the highway."

Proper Retrocession Facilities Are Needed to Serve Direct Company

By Samuel E. Thompson

It is of course a well known fact that a reinsurance company, in order to justify its being, must grant wide facilities of coverage. Also, by the very nature of its operations, it must expose itself to an accumulation of liability on a single hazard, which is bound to be the result of its relationship with a great number of direct writers of insurance.

Taking into consideration, therefore, the situation in which the reinsurance company finds itself in assuming lines far in excess of the normal retentions of the direct writers and realizing that frequently the direct writer is much larger in resources than the reinsurance company and yet again knowing that the financial strength of the reinsurance company could not possibly be sufficient to absorb more than a reasonable number of catastrophic losses, one cannot but wonder just how the reinsurance company protects itself. The question is still more puzzling, as it is evident the direct writing companies are paying all they can afford in order to acquire business and must obtain from their reinsurers sufficient allowance to cover their cost and indeed in most cases an even greater consideration.

Must Have Outlet For Excess Above Retentions

It is obvious that the reinsurance company cannot possibly expose itself to all the liability it assumes and must have an outlet for the surplus and excess lines above the retentions on the various classifications of business, which it, like the direct writer, must set as normal in order to secure a proper spread and to obtain an intelligent experience by class. But how can it do this? How does it meet this necessity? To the reinsurer's mind the answer is simple—by retrocessions. To the layman, however, the answer is necessarily as enigmatic as the question, for the word "retrocessions" would imply "ceding back" and such procedure would be absurd and would defeat the very purpose of the original reinsurance. What the term really means, as used in the business, is the process by which the reinsurance company reinsures for its own security part of the business it develops principally with direct writing insurers.

This definition, however, can be but an unsatisfactory and incomplete reply to the main query, for immediately it impels further inquiries as to how the reinsurance company can reinsure its business and where it can find a market for its retrocessions, for one would naturally think, if the same method were followed by the reinsurance company in reinsuring its business as that employed by the direct writing company, the cost would be prohibitive. Hence to make the solution of the problem clear it is imperative to describe briefly the customary policy of the reinsurance company in making its treaties and then what it does with the business it receives under its contracts.

Surplus Share and Excess of Loss Methods Used

As all casualty and surety men know, certain classes, such as fidelity, surety and accident and health, and to considerable extent, burglary business, are customarily reinsured on the surplus share basis; that is the direct writing company determines a retention according to individual risk, size of risk, or class of risk, and then reinsures a part or all of the surplus of such retention with the reinsurer on a share basis, the reinsurer participating both in the original premium and in any loss sustained in the proportion that the amount of reinsurance bears to the total amount of the risk reinsured. As they also know,

most of the remaining casualty lines, and sometimes burglary business are reinsured on an excess of loss basis which is effected by the direct writing company agreeing to pay the first loss on each risk in each specific class of business, within agreed limits, and the reinsurer agreeing to pay all loss on any such risk in excess of the loss for which the direct writing company holds itself responsible, as provided in the terms of the contract between the direct writing company and the reinsurer.

Now and again a direct writing company reinsures on a quota share basis a specific portfolio, but this is an unusual method in this country, as far as casualty and surety business is concerned, and is generally due to some special requirement. Hence for the purposes of this article, this type of reinsurance may be ignored.

Must Assure Direct Company as to Stability

In making surplus share contracts, the reinsurance company aims to limit the commitment under a reinsurance treaty to the amount that can be absorbed within the general run of the reinsurer's business, probably to an amount not exceeding the direct writer's retention on most lines when the company is not of great size, and to an amount not exceeding half the retention of the direct writer, when such company is a very large one. Such a policy, however, is not always possible in that the amount of reinsurance given would be of little value to the direct writer. Then the reinsurer is confronted with the situation of having a greater exposure on certain lines than should be safely carried and the only recourse is to retrocessions. This may be both difficult and expensive to effect in some cases and, as a matter of fact, it generally is in most lines which are reinsured on a surplus share basis. Nevertheless, the reinsurer must give facilities and must have security, and difficult as the solution may be at times, protection must be obtained both for the stability of the reinsurer as well as for assurance to the direct writing company as to such stability.

In making excess of loss contracts, the reinsurer is faced with an entirely different proposition. Here the reinsuring company must sell service and the very fundamental of such service is broad facilities. In fact, the reinsurer must be in the position to cover, in practically all cases, the entire excess above the loss which the direct writing company is willing to sustain on any one risk in any specified classification.

Gets Broad Spread on High Limits From Many Places

Such reinsurance being of an excess nature, the reinsurer quite safely can assume for its own account a much larger retention, as it receives a rather broad spread on high limits from many sources, and because of the infrequency of losses in this category, it can sustain a substantial loss now and again and still enjoy a profitable experience. Nevertheless, there is necessarily a limit to the amount of loss on any one risk a reinsurer can conservatively absorb and once again the answer to the reinsurer's dilemma is "retrocessions."

Securing retrocessions on surplus share reinsurance does indeed create a difficult problem. Having obtained such business, the reinsurance company has already paid the direct writing company just about as much as it can stand, if it hopes to enjoy any profit under normal conditions, and adding overhead expenses to acquisition cost makes a charge against the reinsurer that leaves but little leeway against experiencing an underwriting loss. Very little therefore

can be paid for retrocessions and there is no fixed rule for effecting them. Once in a while it is possible to share a portfolio with another reinsurer, but such a course is highly undesirable for obvious reasons and also is usually most unsatisfactory. Except for a few lines of reinsurance written on the surplus share basis, therefore, such as burglary, which can be retroceded on an excess of loss basis at a reasonably small cost to the reinsurer, the reinsurance company must make some arrangement by which it can retrocede its larger risks only, or even the entire line which involves high limits, on a surplus share basis under which the retrocessionaire would participate in any loss on any risk sustained by the reinsurer.

Transaction Uneconomical For the Reinsurer

Theoretically, large risks falling within this classification are presumed to be desirable business and although the spread is limited, the loss frequency is likewise considered to be limited, and where the retrocessionaire receives only such business, a differential in commission is allowed for the purpose of offsetting the expense of the reinsurance company in duplicating its handling of the same business. Even with this concession, however, the transaction is far from an economical process, and wherever possible, the reinsurance company seeks to limit the coverage it grants in respect of surplus share business to amounts it can absorb, without the necessity of securing retrocessions on any basis.

Retrocessionaire Pays Only Catastrophe Losses

Generally speaking, the need for this sort of retrocession is not material in many cases, for the reason that the participation of the reinsurance company in those lines of surplus share business, not susceptible of retrocession on an excess of loss basis, is sufficiently limited to permit it to retain all the reinsurance it receives without being concerned as to being involved in a single loss that could cause embarrassment or affect its stability.

Protecting itself against catastrophe on such lines as burglary reinsured on a surplus share basis and on all casualty lines reinsured on an excess of loss basis, is not particularly a difficult undertaking by the reinsurance company. In a word, it fixes for itself a retention, which may

vary by line or may be the same for a number of lines, and then secures a cover protecting it against any loss in excess thereof. Since the originating company assumes the primary loss and the reinsurer the first excess loss, the retrocessionaire is not involved until both the direct writer and the reinsurer have paid a substantial amount. In short, the retrocessionaire pays nothing until a catastrophe has occurred, and as cataclysmic losses are rare, the retrocessional cover is not worth a great deal of premium and consequently the cost to the reinsurer for an excess of loss retrocession is not sufficiently great to affect materially its experience on the reinsurance received from direct writers. From the retrocessionaire's standpoint, although the volume of premium is reasonably small, it doubtless receives from numerous sources similar income, and as the chance of loss is remote, such business is considered good, and hence there is not usually a great deal of difficulty in finding a market.

As for the market for retrocessions, that brings up yet another problem which many times is not an easy one to solve.

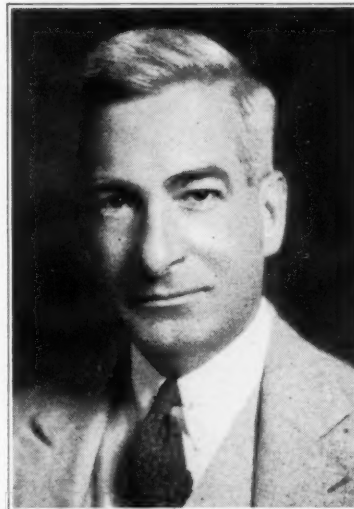
Problem of Facultative Retrocessions Eyed

When specific retrocessions are required on individual risks or on a particular surplus share line, the reinsurance company in reality shops around, sometimes finding a market in this country and sometimes abroad. In a measure, the reinsurer is somewhat in the same position as the direct writer exchanging facultative reinsurance with a competitor—one reinsurer may accommodate another and in turn afford reciprocal accommodations. More frequently however, the reinsurer must turn to more independent fields and place the retrocession where it can secure the most favorable terms, which may or may not be severe. In any event, it must secure retrocessions on such business, even though the cost may be high, and the only alleviating factor is that the frequency of the occasion for such coverage is not great enough to be disturbing.

Excess of Loss Covers Not Difficult to Place

With respect to excess of loss reinsurance, the reinsurer does not have a great deal of trouble in placing its retrocessional second excess of loss or second and third excess of loss. If the amount of cover desired is not especially large, it can often be obtained in this country from companies that are interested in high excesses. If the amount is large, a part may be placed as second excess of loss with American companies and the remainder placed abroad as third excess of loss. There is no definite formula to be followed and not much worry involved in securing retrocessions of this nature. An available market does exist and in the course of general practice the reinsurance company knows pretty well where it can most easily secure the cover it wishes and needs at the most advantageous price.

Retrocessions on the whole amount to a considerable item in the business of insurance and are a vital element in the existence of any reinsurance company which hopes to expand its business by offering facilities which can be of service to the direct writing companies. Furthermore, they are essential in enabling the reinsurer to limit its exposure to a reasonable degree of hazard, thereby protecting it against any abnormal shock and maintaining its financial stability, which after all is its most important selling point in acquiring the surplus and excess lines of the direct writer.



SAMUEL E. THOMPSON
Assistant Vice-President General
Reinsurance

Difficulties Seen in Casualty Excess Business

The casualty excess insurance business is headed toward difficulties from a reduction in premium and an increase in losses, according to some executives. Premiums are reduced, they observe, because unfortunately the excess limit tables on which excess insurance premiums are based have been drastically reduced by the rating bureaus of the primary carriers. Odd as it may seem, the excess carriers, who are chiefly interested in the excess limit tables, have been given no voice in the construction of such excess limit tables and, as a matter of fact, were not consulted by the primary carriers when these limit tables were materially reduced, such officials assert.

Losses under excess insurance are increasing because of the growing tendencies of juries to be liberal with other people's money, particularly the money of supposedly solvent corporations. For example, a California jury recently awarded \$50,000 to a young man, 21 years old, with an earning capacity of \$150 a month, who was permanently disabled. Regardless of whether the young man should have had \$50,000, the point is such verdict is high compared to the past and increases losses under excess contracts. In several states like Wisconsin and North Carolina, plaintiffs are permitted to introduce in the court records whether or not the defendant has insurance and, if so, the name of the insurance company. This situation encourages the juries to bring in larger verdicts, as they feel they are spending someone else's money, especially if the defendant happens to be a home town boy.

Excess insurance has two legitimate

purposes—first, it provides a catastrophe or shock loss cover to self-insurers. It is becoming more common perhaps for large industrial concerns to self-insure their workmen's compensation hazard, and to protect themselves against shock losses by carrying a catastrophe excess loss in excess of a given amount in any one accident such as \$10,000, \$15,000 or \$25,000. Such covers when properly written constitute good business for the excess carrier and for the employer. The employee benefits indirectly as a catastrophe excess is actually additional collateral to protect future benefits he may receive.

Excess Is Being Used Competitively by Brokers

The second purpose of excess insurance is to provide a means of writing risks which perhaps cannot be underwritten by primary companies. Such risks are usually extra-hazardous, that is where there is a very high accident severity as compared with accident frequency. An example of such risks are long haul trucking concerns, and the operators of passenger carrying buses. Generally speaking, the primary companies are willing to write such risks for low limits of \$5/10,000 or \$10/20,000, but do not want to expose themselves to large losses possibly under high limits of say \$100/300,000. Excess companies, at least in some instances, have been able to write such risks on an excess basis in sufficient volume to secure a dependable spread, and carry such business with a fair prospect of profit.

Excess insurance is, of course, subject to abuses like any other type of insurance. It is being used by agents and

brokers as a competitive means to reduce the normal cost of insurance to large assured. This abuse has become so pronounced in certain states that the inevitable result of its prohibition develops, such as in the state of New York. In New York, excess contracts written over low limit primary insurance policies must be written at the full tariff premium.

Catastrophe covers on self-insurer's workmen's compensation business are on the increase due to two causes—one cause is the ever increasing cost of workmen's compensation insurance due to increased benefits. These increased benefits have become so large in certain industries that labor is discovering that it restricts their employment. An example is the rate on structural steel erecting in New York state, the rate for which per \$100 of payroll has increased from \$5 to the present rate of \$45.56.

Competition with London Lloyd's Is Keen Today

The second cause is perhaps a specialized phase of the first factor just mentioned. The increase in cost of occupational diseases and the tendency to include occupational diseases under the various state workmen's compensation laws are making for almost prohibitive occupational disease coverage. The only relief open to an employer in an industry subject to occupational disease is to self-insure. Every self-insured employer is a prospect for catastrophe covers, although the current attitude of excess insurance carriers is to eliminate the occupational disease hazard, if possible, from catastrophe covers.

Excess casualty insurance generally in the United States is faced with keen competition from London Lloyd's. Practically every excess insurance carrier in the United States cedes a large part of its liability under catastrophe covers to London Lloyd's so that Lloyd's have a large volume of premium income directly from domestic excess carriers. In addition to this, London Lloyds have a large volume of premiums from excess

of loss business which they are writing directly to American assured. However, London Lloyds do not appear satisfied with this quantity of business but, apparently without any compunction, will compete with its own clients, namely, American excess insurance carriers, for risks ceded to Lloyds by American companies.

Undoubtedly, a large portion of the responsibility for this situation can be laid at the door of our American agents and brokers but, even so, London Lloyds could, if they wished, give the American excess carriers a large amount of relief. Excess carriers in the United States have called this matter to the attention of Lloyds on various occasions but, to date, no satisfactory results have even been promised by Lloyds.

While there are perhaps not more than six or seven casualty companies writing casualty excess insurance in the United States, yet, for some reason, there has been very little cooperation between such carriers. Primary companies have found it to their advantage generally to cooperate in the underwriting of business. Excess insurance carriers would find a much greater advantage due to the small number involved, some of the executives believe. Undoubtedly, mutual distrust is the principal cause for the lack of cooperation among domestic excess carriers.

Intelligent cooperation between various American companies writing excess insurance would eliminate to a large extent the current cut rate practices, could combat effectively to some extent London Lloyds competition and, without doubt, would tend to perpetuate the excess insurance business. If the present method of loose and cut rate underwriting of excess insurance continues, undoubtedly the various state authorities will take matters in their own hands, as have the states of New York, Wisconsin, Minnesota and Michigan, and formulate rules and regulations which will strangle excess insurance with a straitjacket.

SERVING the direct-writing fire insurance companies today with the best facilities of modern times backed up by financial security.

INTER-OCEAN REINSURANCE COMPANY

HOME OFFICE
Cedar Rapids, Iowa

EASTERN FACULTATIVE DEPARTMENT
123 William Street, New York

Fire Reinsurers Hold Ground Against Threats from Many Sides

The fire reinsurance companies believe that their fundamental position has not been weakened during the past year. They express the belief that all of the various schemes utilized by the direct writing companies to hold on to more and more of the premium, at the expense of the reinsurer, have not been multiplied or extended during the year, although there is little indication that any of these schemes are being abandoned.

One of the important fire reinsurance executives expresses the belief that the direct companies in the past few years have held on to about \$9,000,000 premiums through various arrangements in lieu of patronizing exclusively reinsurance companies. That is only a rough estimate.

Total Premiums of Peak Year Compared to 1934

In 1927, which was the peak year for fire reinsurance companies, their total premiums amounted to about \$65,000,000 whereas their total premiums in 1934 were about \$31,264,931. That is a drop of more than 52 percent.

The decline in premium income of direct writing companies was about 15 percent less severe than that of the fire reinsurance companies. If the reinsurance companies had experienced only about the same rate of decline as the direct companies, last year they would have received about \$9,000,000 more premiums.

There have been a number of factors militating particularly against the re-

insurance companies during the depression years.

In the first place, there was the tendency of direct companies to increase their net lines, which most reinsurers are not inclined to criticize in view of the experience, provided the financial resources of the company warrant such a course.

Then the change in economic conditions forced a change in the method of writing policies. There developed a tendency of the assured to split his business among several agents and on top of this was the increased tendency of the agent to split his business among several companies rather than to give an entire line to one company and permit that company to seek the necessary reinsurance.

Then, because of the fact that the companies could not reduce their expenses beyond a certain point without causing disorganization, they turned to reciprocal arrangements among themselves. "You tickle me and I'll tickle you."

Seasoned Reinsurance Men Are Hopeful

Some of the companies turned to making reinsurance treaties with smaller, direct writing companies, either on a reciprocal basis or not. A direct writing company, with an expense ratio of 53 percent, could afford to pay 45 percent commission for reinsurance, as the 8 percent spread would help to bring down the general expense ratio.

All of these factors and others cause

the picture to be gloomy for reinsurers for the time being. However, seasoned reinsurance executives observe that every one of these practices has been engaged in before and they will be resorted to in the future. Every one of these threats has come and gone.

* * *

Two or three of the exclusively reinsurance companies are now quite actively soliciting places in general agencies. They are cultivating this source of business in an attempt to overcome the loss of volume from regular treaty sources. Other reinsurers feel that this arrangement borders on competition with direct writing companies and they are not being tempted to seek general agency berths.

Must Depend Upon Collections of 100 Percent

Other companies are deterred from planting with general agencies because of the collection problem that would be involved. A reinsurance company is dealing with very few people compared with a direct writing company with its hundreds and thousands of agents. Therefore the reinsurer must depend upon getting 100 percent of its premium money. If it should fail to collect from just one company, that would be a serious blow, whereas the direct writing company can have a certain proportion of balance losses from agents without throwing the machinery out of gear.

The reinsurers can count upon 100 percent collection so long as they confine their dealings to companies. How-

ever, they do not have this assurance when dealing with general agencies. A general agency may go sour and deal the reinsurer a heavy blow.

Those reinsurance companies that are seeking to develop business through general agencies, however, state that the general agents welcome the additional facilities and that there has been little unfavorable reaction from the direct writing companies. The reinsurance company fits into the general agent's picture, particularly of a general agent who may be representing two or three large companies with comparable capacity and a small company or two whose lines may be much smaller. For instance, he may have a large line and find that three of his companies will each take \$50,000 while a fourth company will take only \$10,000. He may then issue the policy of a fourth company for \$20,000 but reinsure \$10,000 of it with his reinsurance company.

Other Are Not Likely to Enter the Field Soon

About all that the direct companies are being deprived of through such operations is the privilege of handling the reinsurance themselves and obtaining the difference between the commission paid to the general agent and the commission received from the reinsurance company.

So far as can be determined there is no disposition now on the part of reinsurance companies, other than those

(CONTINUED ON PAGE 12)

SWISS

REINSURANCE COMPANY

of

ZURICH, SWITZERLAND

Fire
Reinsurance
Treaties

UNITED STATES BRANCH

250 PARK AVENUE • NEW YORK CITY
RODNEY DAVIS, United States Manager

Fire Reinsurance

**INTERNATIONAL
INSURANCE COMPANY
of New York**

SUMNER BALLARD

President

80 JOHN STREET, NEW YORK

Fire Reinsurance

SKANDINAVIA
INSURANCE COMPANY

United States Branch

SUMNER BALLARD

United States Manager

80 JOHN STREET, NEW YORK

Yearns for Domestic Reinsurance Market Comparable to Foreign Field

By Alonzo Church
Vice-president Inter-Ocean Reinsurance

Insurance has been defined as the handmaid of commerce and pursuing the analogy, reinsurance might properly be described as the serving maid of insurance, for it waits on it, follows it around, and does a lot of work for small wages and without much general appreciation of its service.

If reinsurance may be referred to as the serving maid of insurance, then facultative reinsurance might be thought of as the little sister of Re who follows big sister around and does the odd jobs and dirty work and is given no wages and no consideration.

Starvation Diet for the Facultative Departments

Trade and commerce have undergone wonderful changes within the last generation, have grown and prospered to a marvelous extent, and handmaiden insurance has followed along with waiting maid Re keeping pace at a respectful distance, but slavey Fac almost starved to death while in the lowest part of the valley of depression through which the family passed during the last two or three years.

Now, things are looking up and the politicians tell us prosperity is just around the corner so everybody is wondering what is to happen next.

Any attempt to consider and comment upon the subject of reinsurance as distinct from direct underwriting is difficult because adequate statistical information is lacking and this is so because the great bulk of reinsurance is transacted by direct writing companies and the reinsurance liability, premiums and losses, are lumped with direct operations and cannot be separated therefrom.

Theory Prevails Need for Reinsurance Is Now Less

The companies or underwriting organizations which confine themselves exclusively to reinsurance are relatively few in number and admittedly handle a comparatively small part of the total reinsurance ceded by direct writing companies. In the period following the world war until the devastating effects of the depression were felt, the growth of stock companies in the United States in financial resources, volume, spread of liability and premium income, was so great that the idea has been, and still is, prevalent in some quarters that the need for reinsurance, particularly, by the larger companies is less than formerly, and that therefore, the amount of reinsurance transacted is being continually reduced. As the total volume of business done by direct writing companies diminished during the depression years, there was a corresponding reduction in reinsurance and perhaps even a greater than proportionate reduction, since the direct writer, as premiums diminished, naturally endeavored to curtail on reinsurance with a view to bolstering up the amount retained net.

Be that as it may, the total volume of reinsurance transacted in the United States remains now a very large figure as any examination of the available figures will show. For instance, the stock fire and marine companies ceded reinsurance premiums during 1934 in the amount of about \$382,000,000, of which \$31,500,000 was ocean marine, leaving for fire, tornado and allied lines, \$350,500,000, which I believe everyone will agree is an impressive figure, even if it is a diminution from larger amounts in previous years.

No doubt the first comment on the foregoing will be that the amount of reinsurance premiums is deceptive since the total includes duplications due to the fact that in some instances the reinsurance is passed through several companies and thus counted more than once. This is true and there is no way of esti-

imating the total amount of such duplications, but after the proper deduction whatever it may be, there will still remain a substantial figure, large enough I believe, to indicate conclusively, that the practice of reinsuring has not to any great extent been discontinued, although it may have been reduced in amount because of diminishing property values and consequent decreased premiums for direct underwriters. It seems a fair assumption that as the depression passes and property values increase and trade and commerce revive, there will be more direct insurance and consequent need for reinsurance.

While there may be some companies so strong financially and with such a wide-spread business as to feel a diminished need for reinsurance, yet an examination of the statistics of reinsurance shows that the group sometimes advertised as the largest in the world shows reinsurance ceded in excess of \$20,000,000 in the year 1934 and an American company which has the largest surplus shows reinsurance ceded of nearly \$4,000,000 for the same year.

Still Must Take Account of Distributing Liability

It may be true that the reinsurance referred to is largely an exchange of liability between companies, members of a group under one management, but it remains reinsurance both in fact and in principle and indicates that sound underwriting still takes account of the need for distribution of liability where there are large accumulations of values. It seems therefore not illogical to conclude that accumulations of values subject to one catastrophe have grown and will continue to grow perhaps at an even greater rate than have the financial resources of any one insurance company or group of insurance companies, and that therefore even the largest company will, at times, require reinsurance. Furthermore, as the smaller companies must compete with the larger corporations, there will be from such smaller companies a demand for reinsurance to enable them to hold their positions when planted in agencies and offices

Reinsurance Deals to Cause Strange Statement Items

Due to the reciprocal reinsurance arrangements, direct companies have made in the last few years, their annual statements do not necessarily reflect the trend of their net direct business.

Some unusual results may be shown in the 1935 figures. When two direct companies decide to make a reciprocal reinsurance deal, something like this happens. Company A may have been reinsuring with reinsurance company Z while company B has been reinsuring with reinsurance company X. Company A thereupon cancels its treaty with company Z and takes back its portfolio from company Z. The portfolio is then assumed by direct company B. Company B at the same time takes back its portfolio from reinsurer X and this is assumed by company A. That makes a big bulge in the premium income of companies A and B. If such a deal were made in 1934 it would cause a bulge in the premiums of companies A and B that year, but there would be a corresponding drop this year. The net direct premiums of both companies A and B this year might be greater than last year, but still their annual reports would show a loss.

representing larger companies, and that the practice of reinsurance will continue in some form, much as heretofore.

It is evident there will continue to be an exchange between direct writing companies, of reinsurance, particularly where they are allied with each other or grouped under one management, but while reinsurance may take this form to a larger degree than formerly, it has its limitations which will become more evident in the event of a great conflagration, or a series of large fires, or a return of unprofitable underwriting conditions.

America Makes Poor Showing in Reinsurance

To an American underwriter, proud of his country, its size, its wealth, its institutions, its accomplishments and impressed with the fact that the United States has the biggest of almost everything, including insurance companies—it comes as a surprise, perhaps, almost a shock, to find that in the field of professional reinsurance (so it is called abroad), i. e. reinsurance as separate and distinct from other insurance, that America makes a poor showing.

Tabulation of Premiums By Country of Domicile

Tabulating the purely reinsurance companies (i. e. doing no direct writing, or very little direct writing and excluding all life premiums) in groups according to the country in which each is domiciled, we find from the "Review" of London (November, 1935 issue) the following total net premiums which are for 1934, figures being in pound sterling at current exchange.

Germany	£14,839,873
Switzerland	10,669,843
United States	8,148,237
France	4,397,764
Great Britain	3,162,289
Denmark	921,334
Argentina	498,766
Sweden	312,318
Italy	471,579
Czechoslovakia	374,235
Holland	437,443
Spain	140,589
Turkey	35,596
Japan	103,022
Norway	131,825
Bulgaria	238,080
Austria	167,730
Finland	70,352
Poland	98,366
Greece	39,337
Belgium	59,173
Hungary	48,575
Portugal	7,250

£45,371,576

Also quoting from the "Review": "The total net reinsurance premium income at current rate of exchange is given below for the seven principal professional reinsurance markets based on the inclusion of companies writing a total net premium income, including life, of not less than £400,000 at the current rate of exchange. The figures for Germany, Switzerland, America and England refer exclusively to professional reinsurance companies, but two or possibly three of the Danish companies write some direct business, as also does one Norwegian and one large French reinsurer which writes about half its gross account though probably substantially less of its net account by way of reinsurance."

	No.	Amount	Pro-portion
German	11	£21,890,153	39.7
Swiss	4	13,988,428	25.4
American	9	6,849,408	12.4
Danish	5	3,502,200	6.4
French	4	5,366,808	9.7
English	3	2,787,053	5.1
Norwegian	1	739,380	1.3

Total

37	£55,123,430	100.0
----	-------------	-------

It will be seen that Germany still leads the reinsurance world, its 11 big companies, according to the above table writing nearly 40 percent of the total premium income. The Swiss group of

five companies in 1934 wrote 25 percent or more of the total. Then followed American, Danish, French and English groups, but the greatest reinsurance company in the world is still the Munich Reinsurance Company.

Place of London Lloyds Must Be Considered

The figures quoted do not include any business transacted by underwriters at Lloyds of London or other similar organizations, and perhaps even if they were available, some may feel they should be excluded in this discussion since we are primarily comparing the operations of companies and not of individuals or persons doing an underwriting business. However, while the reinsurance done at London Lloyds may not be technically that of a company nor of a professional reinsurer, the vast extent of its operations, their far-reaching effect, and their importance to insurance companies as a whole, seem to make it desirable, if not necessary to remark upon it here. While reliable figures cannot be obtained it is thought by some who are considered competent to make an estimate that the annual reinsurance premiums received at London Lloyds from America alone are in excess of \$40,000,000, and on a world-wide basis are, perhaps, twice that much—so if Lloyds is taken into account, as it seems to me it should be, perhaps England and not Germany would be the leader in reinsurance on a world-wide basis.

How much of the premium income of foreign reinsurance companies originates in America is unknown, but since the United States produces such a large percentage of the total insurance premiums of the world, its contribution to foreign reinsurers must be very great.

May Be Effort to Build New Reinsurance Market

In view of the large amount of money invested in the capital and surplus of American insurance companies, and the great volume of reinsurance placed by them, and considering the immense amount of unemployed money seeking investment in the United States as represented by the excess over legal reserves now in banks in this country, it is possible that some effort may be made in New York before long, to develop a reinsurance market there comparable to that now available abroad. Many believe American initiative and energy would long ago have done this, but for the handicap imposed by the laws of the various states.

Foreign Reinsurers Have More Freedom of Action

Many foreign reinsurance companies write all classes of insurance including life, not to mention surety and casualty lines, and some secure a large part of their premium income by owning shares in the capital stock of direct writing companies which thereby they largely control, and none are burdened by the requirement to maintain premium reserves on the basis imposed by law in this country. It is clear therefore, that foreign reinsurers have a great advantage over American companies in respect to freedom of action and freedom from legal restrictions imposed by the various states here.

With American capital in ample supply, with American energy and underwriting skill available, may we not hope in the near future to create in this country the capacity to supply a market for reinsurance that may compare favorably with that abroad which has served such a useful purpose and had such an honorable record?

SAFE DRIVING

DRIVING HABITS
BECOME AUTOMATIC
AND HARD TO BREAK

THE ACCIDENT HABIT
WE HAVE ACQUIRED
(A MILLION LAST YEAR)
CAN BE BROKEN BY
CONSCIOUS COURTESY
IN DRIVING

THE COURTEOUS DRIVER
DOES NOT CAUSE THE
ACCIDENT

KANSAS CITY
NEW YORK
CHICAGO
LOS ANGELES
SAN FRANCISCO

**EMPLOYERS
REINSURANCE
CORPORATION**

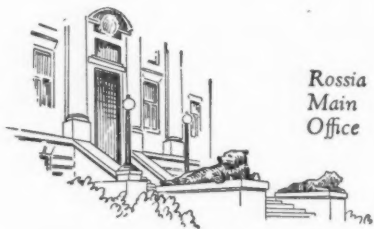
E. G. TRIMBLE, President

ROSSIA INSURANCE COMPANY OF AMERICA

CARL F. STURHAHN, *President*

REINSURANCE Fire and Marine

Thirty-one Years of Valuable
Reinsurance Service to
Direct Writing Companies



Rossia
Main
Office

115 BROAD STREET, HARTFORD, CONN.

New York—At 116 John Street

Reinsurance

TREATIES AND
COVERS
FIRE—CASUALTY

STERLING
OFFICES LIMITED

Reinsurance Managers and
Intermediaries

116 John Street

New York

Telephone BEekman 3-4704

LONDON

PARIS

Life Reinsurer's Function

BY R. B. STURTEVANT
Vice-president American Central

Offers Benefit to Direct Writer of Additional and Independent Underwriting

"What can a reinsurance connection do for an insurance company? What are its rights and obligations under a reinsurance treaty?" These and similar questions were recently discussed among a group of insurance company executives with considerable interest.

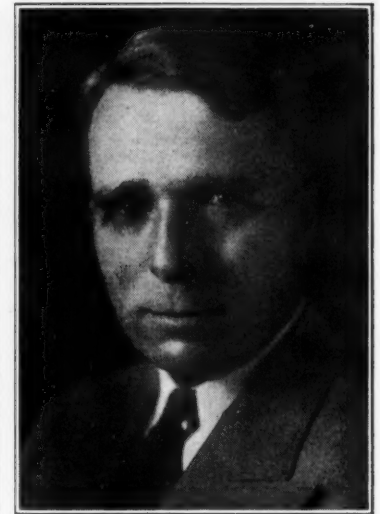
The advantages of a cooperative reinsurance arrangement are well recognized but will bear repetition. They involve the assistance rendered in permitting the issuance of more insurance on one life than the originating company feels justified in retaining at its own risk. It enables the originating company to better serve the insuring public, thus building its standing and prestige. It encourages the agent and ties the agency staff to the fold, making it unnecessary to place surplus lines with companies other than the agent's principal. It means greater satisfaction and greater revenue for the agent and increased business for the company.

Benefit of Additional, Independent Underwriting

Substandard reinsurance is particularly helpful. The reinsurer sees a cross section of the underwriting of many companies and frequently may have vital information on a specific case not available to the writing company. Through its contacts spread generally throughout the country and not confined to certain sections, it can constantly keep abreast of underwriting changes in selection to the benefit of the insurer. Its trained underwriting staff is placed at the insurer's disposal, thereby making it needless, during the formative years, to incur the expense of developing an adequately trained substandard underwriting department in its own office, involving a great deal of time and study. The benefit of additional and independent underwriting is a factor of great importance.

A company has the right to the complete confidence of the reinsurer and should receive courteous treatment and speedy consideration of all applications. Ratings should be consistent with sound underwriting practices. Requests for additional information should be held to a minimum. In this respect, the original company, knowing the source of the business, the type of agent, and the qualifications of the medical examiner, can be of invaluable assistance by obtaining full information about a risk and by anticipating any possible additional requirements before presentation.

Needless to say, correspondence



R. B. STURTEVANT

should be answered promptly and policies issued without delay.

Differences of opinion will naturally arise as to the proper action on a particular risk. Such differences should be approached in a friendly spirit, with the thought in mind that both companies are in reality striving for the same goal, namely, sound underwriting.

Prompt attention should be given to the settlement of all legitimate claims upon presentation of the complete claim papers, including the beneficiary's release. The original company should be as zealous in the protection of the reinsurer as in its own behalf.

The application of the golden rule is essential in all reinsurance relationships.

The shopping around for the lowest rating, now largely discarded as routine practice, the pressure to force acceptance of doubtful or jumbo risks, the underestimating of the danger in financial hazards, and other factors of a similar nature all hinder development of that most harmonious relationship which is so desirable between insurer and reinsurer. In all instances, it is sound logic that what is good for the reinsurer is good for the insurer, and what is bad for the reinsurer is bad for the insurer.

Fire Reinsurers Hold Ground

(CONTINUED FROM PAGE 7)

already soliciting general agency business, to enter the field.

Considerable difference is found among the fire reinsurance companies in their treatment of business. One type of executive relies almost exclusively upon net results. If a treaty makes money, it is regarded as satisfactory, and if it loses an attempt is made to eradicate the cause of the bad experience or else cancellation is resorted to.

Competition Based on Waiving Information

The other school of reinsurance executive believes in keeping track of the liability assumed, so as always to be on top of the situation. Such an executive maps his risks, keeps a line sheet and keeps a record of congested liability just as a direct company does. Such an executive desires to avoid being caught in a conflagration that will cost more than the underpinnings of the company can stand. He refuses to take an ac-

counting bordereau from his treaty companies and demands underwriting information.

There is a certain amount of competition among reinsurers, both fire and casualty, that takes the form of offering to handle the business without demanding much information. Those who do underwrite the business attempt to combat that competition by telling executives of direct companies that the no information arrangement is all right so long as losses are normal or better than normal, that the weakness is exposed when evil times come. They say that the demand for information on the part of the reinsurer is a guarantee that the reinsurer can pay at all times. They contend that elimination of the bordereau makes of the insurer merely an added facility. It deprives the direct company of the service of the reinsurer, since the reinsurance company watches its business closely, catches errors and saves money for the direct company. By eliminating the bordereau, the rela-

tionship of the reinsurer and the direct company is that merely of a clerk in the reinsurance department.

When one views all of the factors militating against the success of a strictly fire reinsurance company, if not indeed threatening the very existence of such institutions, it is amazing that they survive. The only explanation seems to be that they do have a very real place in the insurance structure and provide a function that is indispensable and for which there is no lasting substitute.

The situation of the strictly fire reinsurance companies might be compared in some ways to that of the railroads. Both have had about everything happen to them that can happen and yet they are both here and there is only one direction for their fortunes to go and that is upward.

Here are some of the more important institutions, arrangements and practices that compete with the exclusively reinsurance companies:

Extent of Reinsurance Pool Is Examined

There are the various reinsurance pools composed of direct writing companies. Into these pools go the first and second surplus lines of the member companies, to be apportioned among the other members. Among these pools are the Reinsurance Clearing House, American Reinsurance Exchange, Selected Reinsurance Bureau, Southern Reinsurance Exchange. The members of those pools have little to offer to regular treaty reinsurance companies.

Then there was the practice of increasing net lines. The direct writing companies went as far as they could in that direction in order to hold on to income and then when they had reached the maximum of safety, they resorted to making reciprocal treaties among themselves about three years ago. Treaties were taken away from the regular reinsurance companies and placed with di-

rect writing companies on a trading basis.

Then there has been the competition of London Lloyds, particularly through the Carpenter plan. This contract is held by a number of companies, but according to reinsurance executives, it has not won any new converts this year.

All of these factors have been at work as well as the natural decrease in business to strike at the vitals of the reinsurance companies. Yet there have been no failures among reinsurance companies and only two or three have merged, quit business or left the country.

The reinsurers believe that the principles on which the reinsurance pools such as the American Reinsurance Exchange, Reinsurance Clearing House, etc., are operated are fundamentally unsound. They believe that a weakness would be exposed if there should be an important conflagration. The direct companies would find, according to the reinsurers, that they had not passed off liability but had merely churned the business about. The reinsurance companies, however, can't do much to combat this sort of competition because the Reinsurance Clearing House and the American Reinsurance Exchange have been successful. Nevertheless the reinsurers do point to the fact that the Eastern Reinsurance Bureau had to close up some time ago.

Outspoken as to Lloyds of London Competition

As for the increase in net lines, most of the reinsurance companies believe that sound underwriting practice has not been violated and that the direct companies have not been speculating. A few, however, feel that the direct companies have been taking chances and have been swept off their feet by the low loss ratio. They say that the examiner and minor underwriting officials are being taught dangerous habits. Those holding this opinion, however, are in the minority.

As for the London Lloyds competi-

tion, the reinsurance companies are most outspoken. That is probably the major problem and the major threat.

Direct Company Man Has Eye on Expense Ratio

The reinsurance companies have plenty of arguments against the London Lloyds' contract but they run into a stone wall when talking to some of the direct writing executives who are preoccupied with the problem of the expense ratio and are convinced that the London Lloyds excess arrangement is the means of bringing the ratio down.

The executives of reinsurance companies attempt to convince the direct writing official that in patronizing Lloyds he is helping to finance the London underwriters in their operations in the United States which are in many ways in direct competition with the direct company. The fact that London Lloyds pays no taxes here, is offering facilities that enable property owners to go on a self insurance basis, etc., are cited. Executives of direct writing companies are reminded that Lloyds have a reputation for technical interpretation of contracts and the reinsurance executives do not hesitate to question the ability of Lloyds to pay under their excess reinsurance treaties. The reinsurance companies state that Lloyds have a splendid reputation and have never defaulted, but they point out there is no magic about London Lloyds and that there is a limit somewhere to their ability to pay. With an accumulation of liability under excess of loss treaties from many companies, plus catastrophe excess cover, in a severe conflagration Lloyds might be completely overwhelmed.

Plan Is Attacked From Technical Point of View

Then, of course, there are the arguments against the Carpenter plan from a technical point of view. The reinsurance people scoff at it as merely a banking arrangement, whereby London Lloyds finances the payment of losses

for a year. They claim it is not really reinsurance. The reinsurance executives are somewhat at a handicap in discussing the technical aspects of the plan because the terms of the contract are confidential. Apparently the seal of confidence is placed upon the direct writing executive by those who present the Carpenter plan. The terms of some of the Carpenter plan contracts as they existed several years ago are known to the regular reinsurance people, but so far as can be determined the precise terms as they exist today are not known. There have been modifications and liberalizations. Accordingly the reinsurance executive in discussing the technical aspects of the plan must talk in generalities, which places him under a handicap, since the man to whom he is talking knows all about the plan.

Yet, despite all the arguments that are advanced in opposition to the Carpenter plan, reinsurance people find that very often the executive has his mind fixed on the idea that he can save on the expense ratio by using the Carpenter plan and his immediate self interest is of such compelling force, that it is next to impossible to dislodge him.

Profit Is Guaranteed to London Underwriters

Among other things, the reinsurance executive will tell the direct writing company that under the Carpenter plan, the direct writer is guaranteeing a profit to Lloyds. The reinsurer points out that that is splendid from the London Lloyds point of view; that the regular treaty reinsurer would like to have a profit guaranteed.

At this point in the argument, the direct writing company may ask, whether as a matter of fact the treaty reinsurer doesn't have such a profit guaranteed, because of the fact that the reinsurer may cancel the treaty when, as and if the treaty produces a loss. That, the reinsurer may reply, is true in theory, but as a matter of fact treaties are not treated cavalierly. During the

(CONTINUED ON PAGE 15)

FOR THIRTY-TWO YEARS . . REINSURANCE SERVICE!

*Standard—Substandard—Juvenile—
Disability—Double Indemnity*

**American Central Life Insurance Company
Indianapolis**

Views of Problems and Trends in Field of Casualty Reinsurance

The casualty reinsurance companies have had a good many problems in handling losses in connection with failed direct writing companies. A multiplicity of situations have arisen but, for the most part, practical solutions have been decided upon rather than testing theoretical points of law. The reinsurance companies have been successful in making peace with the liquidator. It is safe to say that the reinsurance companies are no worse off on these losses than they would have been had the direct company continued in existence. Perhaps they have saved here and there. There have been no collection losses to the reinsurers on account of the failure of direct companies. The reinsurers operate on the 90 day account basis and where there was anything owing to the reinsurance company when the direct company failed, that was offsettable with items in the other direction.

Law Is Plain But Fancy Theories Are Now Advanced

Although the law is plain that there is no privity of contract between the assured and the reinsurer, all sorts of fancy theories have been advanced in the courts by assured and by third parties with claims against assured in an effort to establish some sort of direct liability to them on part of reinsurance companies. None of these actions has been successful.

A good many questions have developed under surety reinsurance contracts. Among these is the question whether the reinsurer must pay the full proportionate liability in the event of the loss or whether the insurer's liability is pro-

portionate to the dividend paid out by the liquidator. The question is introduced whether indemnity is offered against liability or against loss.

There are many questions involving contingent claims of one kind and another.

Some new practices are creeping into the casualty reinsurance business. One that has been gaining headway for some time and is used competitively is to eliminate the bordereau and for the direct company to pay the reinsurer a percentage of its premiums for taking care of excess losses. This percentage is supposed to be roughly equivalent to what the reinsurer would get if remittance were made for the individual items. The trouble is that the percentage becomes a target to shoot at and a reinsurer may offer to write the business for a smaller percentage. There is pressure from the direct companies to do away with as much detail as possible.

Another practice that is developing is one that was introduced by London Lloyds. It provides for reinsurance of excess limits for a single accident. That is, the distinction between liability to a single person or to several persons in a single accident is done away with and the excess limits are for an even amount. Lloyds will guarantee to limit the direct company's loss in any one accident to a certain figure. Not only is the difference between the person and accident eliminated, but also the difference between policies. For instance, a company might have several policies that came into play in a single accident,

steam boiler, public liability, etc. Under the Lloyds' contract, the reinsurer would pay all losses above a certain amount arising under any or all of these policies as a result of the accident.

This arrangement has not gained much momentum as yet. The regular reinsurance companies look upon the plan with disfavor because they feel that the rates charged would be purely a matter of guess work.

There have been hints that an attempt is to be made to introduce the so-called Carpenter plan into the casualty field. If that were done, it would cause a furor. The Carpenter plan has been anathema to the regular fire reinsurers for some years. It is on an excess basis through London Lloyds. A percentage of the direct company's premiums is taken by the reinsurer and the latter pays all losses above a scheduled amount. There is not the participation of the reinsurer in the small losses. The rate is adjustable annually, depending on the experience up to a certain maximum limit. The contract is written on a five year basis.

Condemned as Purely a Financing Scheme

The reinsurance companies who are in competition with this plan, argue that it is purely a financial arrangement and is not reinsurance in the true sense. The function of the reinsurer, they say, is to apportion liability and not merely to defer losses.

The possibility of a drive being made in behalf of the Carpenter plan in the casualty field is being considered by the regular casualty reinsurers.

The plan may meet with more resistance, however, from personal reasons than it has brought in the fire insurance business. London Lloyds is competing directly with direct writing casualty companies to a far greater extent than it is with direct writing fire companies. It has taken a great volume of blanket bonds from American companies; Lloyds has written several public official bonds, they are making a drive for compensation insurance, automobile fleets, etc. Therefore the casualty companies may be slow to patronize Lloyds to a greater extent, even though the plan might seem attractive to them.

Although the practice of reinsurance companies selling excess cover over primary insurance, in order to reduce the net rates to the assured, has been pretty much eliminated in New York, due to the fact that the rates for excess limits are regulated, it is a practice that is growing in other parts of the country, due to the competitive diligence of brokers. Under the system, as it is applied outside of New York, the assured is charged with the same rate for the excess limit as the direct company would pay for such reinsurance, if it were permitted to handle the transaction. The direct company loses only the profit that it would have made by handling the reinsurance transaction itself, which is the difference between the commission paid by the reinsurer to the direct company and the commission paid by the direct company to the broker.

The workmen's compensation stop loss cover has been known in New York for a good many years, but this year the idea has been carried elsewhere and the sale of this cover has been vigorously promoted by a good many brokers throughout the country. Reinsurance companies won't touch the stop loss business with a 10 foot pole. It has an unethical smell, they contend, and it is outright competition with the direct writing companies.

The scheme has been pretty well pub-

licized and its basis is pretty well known. The idea is to have the employer pay his own losses up to a stated percentage of the premium that he has been accustomed to paying for compensation. Payment of losses above that figure is then guaranteed by the insurer. There is a commission for the broker and then some sort of a service organization undertakes to look after safety and claim matters.

Insurance companies ask why an employer should not go the whole way and become a self insurer. If he is going to give up regular insurance, they say he should be willing to accept all except catastrophe losses.

The reinsurance companies are keeping their hands strictly off the stop loss arrangement. It comes too close to direct writing and they don't like the liability anyway.

No Sound Basis for Determining the Rate

Unless the company assuming stop loss excess liability gets the cooperation of the direct company that had the risk before, the reinsurance people believe there is no sound method of determining what the rate should be. The direct company is the only one that would have data of any value.

Most of the casualty reinsurers sell catastrophe covers to self insurers freely, without feeling they are stepping on the toes of their direct writing clients. It is probably safe to say that no reinsurer takes an active part in causing any employer to go on a self insurance basis. After an employer has decided to self insure, then the reinsurance companies feel that they are not off the reservation in providing the catastrophe cover. Most of the business is brought to the reinsurers by brokers. Not infrequently a direct writing company will help an assured to go on a self insurance basis for compensation. Compensation experience may be so bad that the direct company does not want to continue to carry the line, yet the employer may have desirable collateral business. Therefore the direct company helps to put the employer on a self insurance basis for compensation, retain his good will and keep the collateral line.

Save Companies May Some Day Regret Indifference

Some of the reinsurance executives vouchsafe that the direct companies may some day regret that they have permitted compensation business to go where it will, encouraging self insurance, failing to resist stop loss covers, etc. The full effect of the inroads of these substitute arrangements will not be felt for some time. There is a lag. By the time these plans get under way, compensation insurance may become attractive and the companies may regret that they didn't try to hold the line.

Occupational disease is a problem that the reinsurance company must watch, although to date, the reinsurance companies have not been affected seriously by this hazard. In the compensation excess policy, each person is a single case. If a wave of occupational disease claims breaks out the grief is that of the employer or the direct writing company. Only if the payment to one person on account of the occupational disease exceeded the limits of the reinsurance policy does the reinsurer become liable.

Reinsurance of long haul truckers that go on a self insured basis for the casualty lines is regarded as desirable business in some quarters. Executives of reinsurance companies observe a real difference in the experience under excess covers over a primary carrier and

Reinsurance

helps digest the gross line

We offer direct writing fire insurance Companies sound protection and competent service

AMERICAN RESERVE INSURANCE COMPANY

99 John Street New York City

Capital \$1,000,000.00

THOMAS B. BOSS, President RICHARD H. LONG, Secretary
E. L. MULVEHILL, Vice-Pres. & Sec. H. E. BECKER, Treasurer

over a self-insured. As insurance men, reinsurance people hate to admit it, but they say there is no doubt that the self-insured assumes a different attitude towards his risk that results in improved loss experience.

Reinsurance underwriters distinguish between long haul truckers that operate in the east and those in other parts of the country. The experience in the east is better. One explanation is that the jumps are shorter and the driver is home every night.

* * *

Problem in Reinsurance of Products Liability

There has been some discussion between casualty reinsurance companies and direct writing companies about the reinsurance of products liability in view of the fact that the direct companies during the year introduced a third limit in their policies. In the past there was one limit for the amount that would be paid on account of liability to any one person. Then there was the customary second limit for liability on account of any one occurrence. The aggregate limit under the policy was infinity.

Because of experience in a few bad cases the direct companies got together and decided to introduce an aggregate limit in their policies.

Under the old system of having the aggregate limit as infinity, the reinsurer was not requested to offer excess aggregate protection. But now that the third limit has been introduced, there has been a demand that the reinsurance companies give protection to the direct writing companies on the three fronts.

Direct Companies Now Protected by Third Limit

Some of the reinsurance companies feel that the direct companies are not altogether reasonable in their position. The reinsurers point out that the direct companies have now surrounded themselves with the protection of a third limit which they did not have before and yet now that they have this protection, they are seeking to have the reinsurance company assume a portion of the aggregate liability, whereas in the past where aggregate liability was unlimited, the reinsurer was not requested to assume liability on this account. The reinsurance premium is based upon the customary two limit excess and in asking the reinsurer to participate in the aggregate liability, the direct company is in reality requesting the reinsurer to assume a portion of the primary liability for the excess premium.

The direct companies caused the third limit to be introduced because of the difficulty inherent in the products liability line of determining what constitutes a single accident. This problem is particularly pronounced in the food line. For instance, a baker may have made a batch of cake from a barrel of contaminated lard. A number of people are made sick. An investigation is made but the trouble cannot be located. Another batch of cake innocently is made from the same barrel of lard and new cases of sickness develop. The question is whether the barrel of lard is one accident or whether each batch of cake is one accident.

* * *

Although the reinsurance companies scrupulously avoid encouraging self insurance, they say they would rather have the excess liability for a self assured than to have the excess liability above that of a direct company. The self assured becomes claim conscious and is in a cooperative frame of mind. There is money made by those companies selling excess covers to self insurers.

In writing advertisers please mention THE NATIONAL UNDERWRITER.

Treaty System Is Answer to Modern Business Needs

By G. A. Watson

Reinsurance treaty arrangements as now conducted in fire underwriting circles began to assume form in this country about a half century ago. The earlier practice was for companies that were anxious to reduce their net line commitments to place the excess on risks facultatively. While gross line acceptances by direct writing offices were then small in comparison with those of today, they were in about the same ratio to the companies' financial strength.

The demand for reinsurance was at its peak when cotton, tobacco, grain, and other seasonable crops were moving; the larger direct writing companies ceding to the smaller institutions individual lines of anywhere from \$1,000 to \$2,500 each, and covering in all parts of the country, the business being unhampered in those days by the restrictive state laws now in effect. As a consequence of this parceling out of lines among a score or more little companies, the majority of whom had no agency plants, direct writing offices had a stack of policies to handle for each of their reinsured risks, for the care of which the reinsurance clerk was held to strict accountability. Particularly was the responsible clerk charged with seeing that each policy contained proper "reinsurance and retainer clauses" as they were termed.

The reinsurance clause read:

Terms of Reinsurance and Retainer Clauses

"This policy is subject to the same risks, valuations, privileges, conditions, endorsements, assignments, and mode of settlement as are, or were, or may be assumed, and covers such property as may be protected by the ——— insurance company, and any loss to be paid pro rate with the reinsured at the same time and upon the same terms and conditions."

The retainer clause provided:

"It is a condition of this reinsurance

that the reinsured company is to retain an amount of insurance on the identical property herein described above all reinsurance equal to the amount of this policy, and failing to do so, this company shall not be liable for a greater amount than that retained by the said reinsured company."

With the expansion of general business came the demand on the part of merchants, manufacturers and jobbers for greater insurance protection from the stronger companies, the average assured being unwilling to bother with a large number of policies, insisting instead upon increased indemnity from the more substantial and better known carriers.

Treaty System Used by the Banks in Germany

To meet this condition treaty reinsurance came into the field early in 1900, the idea having been developed particularly in Germany, where banking institutions under their liberal charters were empowered to assume insurance risks. Single lines of magnitude were often retroceded percentage-wise among a score or more associated financial houses. The call for reinsurance facilities was further stimulated when the companies here began writing "jumbo" lines through their special risk departments, a number of the larger institutions having 10 or a dozen treaties each in order to afford agents adequate writing capacity.

While all treaty contracts vary in some degree, each contains certain standard provisions. These require the reinsuring company to carry to expiration all business ceded it so long as it conforms to the limits of amount, type and location of risks set forth in its treaty. On the other hand, the reinsuring company must be given an agreed participation in all policies covering the same risk, and also furnished with daily advices, so its liability can

be determined and proper reserves therefor maintained.

When large individual lines or schedules are under consideration, to ascertain values and so determine necessary reinsurance, treaty offices are advised under a special binding schedule. Entries thus reported are held binding for 60 days, and may be renewed for a like additional period if the essential information required be not obtained sooner.

Under certain broad regulations direct writing companies permit their chief daily report examiners to determine the amount of reinsurance to be carried. These men are in close touch with conditions in their respective jurisdictions and are best qualified to pass upon net retentions.

Though one of the least publicized the reinsurance department of a fire company is one of its most important, for upon the extent and character of its treaty contracts depends to no small degree the safety of the direct writing corporation.

Are the American Companies Marine Minded? Why Not?

(CONTINUED FROM PAGE 4)

is as long as a racehorse's and quite as interesting. Once you are on the voyage you cannot cancel your certificate and you get your premium when the broker gets around to it but it's a vastly interesting line of business and I cannot imagine why Americans let \$11,000,000 more or less go to London or elsewhere annually, when they could use it themselves and cut out a lot of their foreign entanglements.

From a loss standpoint it is apt to run higher than fire ratios. For instance the net experience of the American companies in 1934 was 64.7 percent losses paid to premiums written and the foreign companies (U. S. branches) did much better with 51.2 percent (looks like tradition and experience speaking there) but on the other hand acquisition cost is very considerably lower, which fully compensates for the higher loss ratio.

As a conclusion, I am tempted to quote from the United States recruiting advertisement and suggest "Join the Marines and see the world."

Fire Reinsurers Hold Ground

(CONTINUED FROM PAGE 13)

years from 1921-26, when many of the treaties were producing losses, there were very few cancellations. The reinsurance companies realized that the losses were not the fault of the emperor, so to speak, any more than the profits today are by virtue of the emperor. General conditions were responsible and the reinsurers shouldered their losses for several consecutive years without canceling.

Another argument in behalf of the London Lloyds plan is that it reduces the expense, not only in the way of lower reinsurance premiums, when times are good, but that it eliminates several departments at the home office. To this the reinsurers reply that there is really only one department that is eliminated and that is the reinsurance department. Reinsurance cession or loss work is eliminated and a small amount of accounting. The reinsurers minimize the savings that can be made in that direction.

The commission situation so far as facultative reinsurance business is concerned has struck a temporary level at least. In the past few years one after another of the strictly reinsurance companies have established facultative departments and direct companies have also entered the facultative market. As each new company entered the field, there was usually a commission flurry, the cumulative effect of which was to

get the commissions on a higher plain. However, there have been no new reinsurance companies entering the facultative business this year and it is not likely that any of those who are not now doing a facultative business will decide to do so. One of the representative reinsurance companies that does a facultative business states that its average commission has been 30.5 percent.

Send 9 cents in stamps for sample copy of

THE ACCIDENT & HEALTH REVIEW

The only exclusive accident and health paper published.

It gives ideas and suggestions that help you sell income protection insurance.

Address your inquiry to A-1946, Insurance Exchange, Chicago

Robert Van Iderstine, Jr.

John N. Gilbert

HOLBORN AGENCY
CORPORATION

Reinsurance Intermediaries

84 WILLIAM ST.

NEW YORK CITY



THE FIRST REINSURANCE COMPANY OF HARTFORD

George E. Turner, President

115 BROAD STREET — HARTFORD, CONNECTICUT

THIS COMPANY devotes itself exclusively to the business of providing dependable reinsurance for Casualty writing insurance companies.

No American company has been longer in that field.

The "First Re" earnestly solicits the consideration of those companies which seek from their reinsurers permanent facilities and that character of reinsurance service which makes for long time satisfactory relations.



New York Office at 116 John Street



» » FIRST REINSURANCE COMPANY
CHARTERED IN THE UNITED STATES

